UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2014

Commission File No. 1-12504

THE MACERICH COMPANY

(Exact name of registrant as specified in its charter)

MARYLAND	**95-4448705**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

401 Wilshire Boulevard, Suite 700, Santa Monica, California 90401
(Address of principal executive office, including zip code)

(310) 394-6000
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve (12) months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past ninety (90) days.

YES x NO o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding twelve (12) months (or for such shorter period that the registrant was required to submit and post such files).

YES x NO o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES o NO x

Number of shares outstanding as of October 31, 2014 of the registrant's common stock, par value $0.01 per share: 140,715,832 shares

THE MACERICH COMPANY

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THE MACERICH COMPANY

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except share data)

(Unaudited)

	September 30, 2014	December 31, 2013
ASSETS:		
Property, net	$ 7,570,636	$ 7,621,766
Cash and cash equivalents	58,479	69,715
Restricted cash	14,121	16,843
Tenant and other receivables, net	107,968	99,497
Deferred charges and other assets, net	492,697	533,058
Loans to unconsolidated joint ventures	3,361	2,756
Due from affiliates	31,422	30,132
Investments in unconsolidated joint ventures	927,424	701,483
Total assets	$ 9,206,108	$ 9,075,250
LIABILITIES AND EQUITY:		
Mortgage notes payable:		
Related parties	$ 265,269	$ 269,381
Others	4,118,969	4,145,809
Total	4,384,238	4,415,190
Bank and other notes payable	546,301	167,537
Accounts payable and accrued expenses	89,659	76,941
Other accrued liabilities	317,515	363,158
Distributions in excess of investments in unconsolidated joint ventures	253,673	252,192
Co-venture obligation	75,669	81,515
Total liabilities	5,667,055	5,356,533
Commitments and contingencies		
Equity:		
Stockholders' equity:		
Common stock, $0.01 par value, 250,000,000 shares authorized, 140,920,484 and 140,733,683 shares issued and outstanding at September 30, 2014 and December 31, 2013, respectively	1,409	1,407
Additional paid-in capital	3,930,317	3,906,148
Accumulated deficit	(740,906)	(548,806)
Total stockholders' equity	3,190,820	3,358,749
Noncontrolling interests	348,233	359,968
Total equity	3,539,053	3,718,717
Total liabilities and equity	$ 9,206,108	$ 9,075,250

The accompanying notes are an integral part of these consolidated financial statements.

THE MACERICH COMPANY

CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands, except per share amounts)

(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2014	2013	2014	2013
Revenues:				
Minimum rents	$ 150,395	$ 145,259	$ 451,248	$ 422,492
Percentage rents	4,072	4,111	9,295	10,609
Tenant recoveries	90,059	87,218	264,909	247,857
Management Companies	8,352	10,742	25,248	31,193
Other	10,614	10,824	31,638	35,184
Total revenues	263,492	258,154	782,338	747,335
Expenses:				
Shopping center and operating expenses	85,352	83,349	257,583	240,635
Management Companies' operating expenses	21,508	23,036	65,185	69,003
REIT general and administrative expenses	5,339	5,955	17,339	18,672
Depreciation and amortization	89,741	88,436	266,199	264,032
	201,940	200,776	606,306	592,342
Interest expense:				
Related parties	3,671	3,745	11,069	11,289
Other	44,132	45,858	128,872	138,371
	47,803	49,603	139,941	149,660
Loss (gain) on extinguishment of debt, net	46	6	405	(1,938)
Total expenses	249,789	250,385	746,652	740,064
Equity in income of unconsolidated joint ventures	16,935	35,161	44,607	145,477
Co-venture expense	(2,144)	(2,053)	(6,175)	(6,232)
Income tax benefit	689	543	3,759	2,263
Gain (loss) on remeasurement, sale or write down of assets, net	9,561	8,249	(1,504)	12,279
Income from continuing operations	38,744	49,669	76,373	161,058
Discontinued operations:				
(Loss) gain on the disposition of assets, net	—	(7,767)	—	134,145
(Loss) income from discontinued operations	—	(1,077)	—	2,967
Total (loss) income from discontinued operations	—	(8,844)	—	137,112
Net income	38,744	40,825	76,373	298,170
Less net income attributable to noncontrolling interests	2,830	2,702	6,552	22,958
Net income attributable to the Company	$ 35,914	$ 38,123	$ 69,821	$ 275,212
Earnings per common share attributable to Company—basic:				
Income from continuing operations	$ 0.25	$ 0.33	$ 0.49	$ 1.05
Discontinued operations	—	(0.06)	—	0.92
Net income attributable to common stockholders	$ 0.25	$ 0.27	$ 0.49	$ 1.97
Earnings per common share attributable to Company—diluted:				
Income from continuing operations	$ 0.25	$ 0.33	$ 0.49	$ 1.05
Discontinued operations	—	(0.06)	—	0.92
Net income attributable to common stockholders	$ 0.25	$ 0.27	$ 0.49	$ 1.97
Weighted average number of common shares outstanding:				
Basic	140,916,000	140,712,000	140,859,000	139,219,000
Diluted	141,060,000	140,773,000	140,975,000	139,320,000

The accompanying notes are an integral part of these consolidated financial statements.

THE MACERICH COMPANY

CONSOLIDATED STATEMENT OF EQUITY

(Dollars in thousands, except per share data)

(Unaudited)

	Stockholders' Equity						
	Common Stock						
	Shares	Par Value	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at January 1, 2014	140,733,683	$ 1,407	$ 3,906,148	$ (548,806)	$ 3,358,749	$ 359,968	$ 3,718,717
Net income	—	—	—	69,821	69,821	6,552	76,373
Amortization of share and unit-based compensation plans	101,511	1	30,102	—	30,103	—	30,103
Employee stock purchases	13,957	—	645	—	645	—	645
Distributions paid ($1.86) per share	—	—	—	(261,921)	(261,921)	—	(261,921)
Distributions to noncontrolling interests	—	—	—	—	—	(24,285)	(24,285)
Other	—	—	(343)	—	(343)	—	(343)
Conversion of noncontrolling interests to common shares	71,333	1	983	—	984	(984)	—
Redemption of noncontrolling interests	—	—	(157)	—	(157)	(79)	(236)
Adjustment of noncontrolling interest in Operating Partnership	—	—	(7,061)	—	(7,061)	7,061	—
Balance at September 30, 2014	140,920,484	$ 1,409	$ 3,930,317	$ (740,906)	$ 3,190,820	$ 348,233	$ 3,539,053

The accompanying notes are an integral part of these consolidated financial statements.

THE MACERICH COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

(Unaudited)

	For the Nine Months Ended September 30,	
	2014	**2013**
Cash flows from operating activities:		
Net income	$ 76,373	$ 298,170
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss (gain) on extinguishment of debt	405	(1,938)
Loss (gain) on remeasurement, sale or write down of assets, net	1,504	(12,279)
Gain on the disposition of assets, net from discontinued operations	—	(134,145)
Depreciation and amortization	273,765	285,933
Amortization of net premium on mortgage notes payable	(4,056)	(5,502)
Amortization of share and unit-based plans	25,217	13,913
Straight-line rent adjustment	(4,440)	(6,201)
Amortization of above and below-market leases	(5,730)	(4,745)
Provision for doubtful accounts	3,452	3,231
Income tax benefit	(3,759)	(2,263)
Equity in income of unconsolidated joint ventures	(44,607)	(145,477)
Distributions of income from unconsolidated joint ventures	886	8,538
Co-venture expense	6,175	6,232
Changes in assets and liabilities, net of acquisitions and dispositions:		
Tenant and other receivables	(1,416)	4,314
Other assets	(7,011)	7,088
Due from affiliates	(1,290)	(1,901)
Accounts payable and accrued expenses	780	10,355
Other accrued liabilities	(19,342)	5,533
Net cash provided by operating activities	296,906	328,856
Cash flows from investing activities:		
Acquisitions of property	(15,233)	(492,577)
Development, redevelopment, expansion and renovation of properties	(129,750)	(158,682)
Property improvements	(32,375)	(21,752)
Issuance of notes receivable	—	(13,330)
Collections on notes receivable	3,169	8,347
Proceeds from maturities of marketable securities	—	23,769
Deferred leasing costs	(19,402)	(21,774)
Distributions from unconsolidated joint ventures	55,688	596,669
Contributions to unconsolidated joint ventures	(257,963)	(66,772)
Collection of/loans to unconsolidated joint ventures, net	(605)	609
Proceeds from sale of assets	51,350	327,059
Restricted cash	2,722	52,892
Net cash (used in) provided by investing activities	(342,399)	234,458

THE MACERICH COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

(Dollars in thousands)

(Unaudited)

	For the Nine Months Ended September 30,	
	2014	**2013**
Cash flows from financing activities:		
Proceeds from mortgages, bank and other notes payable	580,967	2,239,853
Payments on mortgages, bank and other notes payable	(229,099)	(2,694,945)
Deferred financing costs	(1,126)	(11,053)
Net proceeds from stock offerings	—	171,121
Proceeds from share and unit-based plans	645	558
Redemption of noncontrolling interests	(236)	(1,022)
Contribution from noncontrolling interests	—	4,127
Contingent consideration paid	(18,667)	—
Dividends and distributions	(286,206)	(261,142)
Distributions to co-venture partner	(12,021)	(14,496)
Net cash provided by (used in) financing activities	34,257	(566,999)
Net decrease in cash and cash equivalents	(11,236)	(3,685)
Cash and cash equivalents, beginning of period	69,715	65,793
Cash and cash equivalents, end of period	$ 58,479	$ 62,108
Supplemental cash flow information:		
Cash payments for interest, net of amounts capitalized	$ 136,233	$ 156,446
Non-cash investing and financing transactions:		
Accrued development costs included in accounts payable and accrued expenses and other accrued liabilities	$ 50,817	$ 23,666
Acquisition of properties by assumption of mortgage note payable and other accrued liabilities	$ —	$ 109,858
Assumption of mortgage note payable and other liabilities from unconsolidated joint ventures	$ —	$ 54,271
Mortgage notes payable settled by deed-in-lieu of foreclosure	$ —	$ 84,000
Acquisition of property in exchange for investment in unconsolidated joint venture	$ 15,767	$ —
Notes receivable issued in connection with sale of property	$ 9,603	$ —
Application of deposit to acquire property	$ —	$ 30,000
Conversion of noncontrolling interests to common shares	$ 984	$ 12,984

The accompanying notes are an integral part of these consolidated financial statements.

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except per share amounts)

(Unaudited)

1. Organization:

The Macerich Company (the "Company") is involved in the acquisition, ownership, development, redevelopment, management and leasing of regional and community/power shopping centers (the "Centers") located throughout the United States.

The Company commenced operations effective with the completion of its initial public offering on March 16, 1994. As of September 30, 2014, the Company was the sole general partner of, and held a 93% ownership interest in, The Macerich Partnership, L.P. (the "Operating Partnership"). The Company was organized to qualify as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Code").

The property management, leasing and redevelopment of the Company's portfolio is provided by the Company's management companies, Macerich Property Management Company, LLC, a single member Delaware limited liability company, Macerich Management Company, a California corporation, Macerich Arizona Partners LLC, a single member Arizona limited liability company, Macerich Arizona Management LLC, a single member Delaware limited liability company, Macerich Partners of Colorado LLC, a single member Colorado limited liability company, MACW Mall Management, Inc., a New York corporation, and MACW Property Management, LLC, a single member New York limited liability company. All seven of the management companies are collectively referred to herein as the "Management Companies."

All references to the Company in this Quarterly Report on Form 10-Q include the Company, those entities owned or controlled by the Company and predecessors of the Company, unless the context indicates otherwise.

2. Summary of Significant Accounting Policies:

Basis of Presentation:

The accompanying consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. They do not include all of the information and footnotes required by GAAP for complete financial statements and have not been audited by independent public accountants.

The accompanying consolidated financial statements include the accounts of the Company and the Operating Partnership. Investments in entities in which the Company has a controlling financial interest or entities that meet the definition of a variable interest entity in which the Company has, as a result of ownership, contractual or other financial interests, both the power to direct activities that most significantly impact the economic performance of the variable interest entity and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the variable interest entity are consolidated; otherwise they are accounted for under the equity method of accounting and are reflected as investments in unconsolidated joint ventures.

All intercompany accounts and transactions have been eliminated in the consolidated financial statements.

The unaudited interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2013. In the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the consolidated financial statements for the interim periods have been made. The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The accompanying consolidated balance sheet as of December 31, 2013 has been derived from the audited financial statements but does not include all disclosures required by GAAP.

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

2. Summary of Significant Accounting Policies: (Continued)

Recent Accounting Pronouncements:

On April 10, 2014, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2014-08, which amends the definition of discontinued operations and requires additional disclosures for disposal transactions that do not meet the revised discontinued operations criteria. ASU 2014-08 is required to be adopted for fiscal years beginning after December 15, 2014, with early adoption permitted. The Company's early adoption of this pronouncement on January 1, 2014 did not have a material impact on the Company's consolidated financial statements.

3. Earnings per Share ("EPS"):

The following table reconciles the numerator and denominator used in the computation of earnings per share for the three and nine months ended September 30, 2014 and 2013 (shares in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2014	2013	2014	2013
Numerator				
Income from continuing operations	$ 38,744	$ 49,669	$ 76,373	$ 161,058
(Loss) income from discontinued operations	—	(8,844)	—	137,112
Net income attributable to noncontrolling interests	(2,830)	(2,702)	(6,552)	(22,958)
Net income attributable to the Company	35,914	38,123	69,821	275,212
Allocation of earnings to participating securities	(122)	(80)	(373)	(257)
Numerator for basic and diluted earnings per share—net income attributable to common stockholders	$ 35,792	$ 38,043	$ 69,448	$ 274,955
Denominator				
Denominator for basic earnings per share—weighted average number of common shares outstanding	140,916	140,712	140,859	139,219
Effect of dilutive securities:(1)				
Share and unit-based compensation plans	144	61	116	101
Denominator for diluted earnings per share—weighted average number of common shares outstanding	141,060	140,773	140,975	139,320
Earnings per common share—basic:				
Income from continuing operations	$ 0.25	$ 0.33	$ 0.49	$ 1.05
Discontinued operations	—	(0.06)	—	0.92
Net income attributable to common stockholders	$ 0.25	$ 0.27	$ 0.49	$ 1.97
Earnings per common share—diluted:				
Income from continuing operations	$ 0.25	$ 0.33	$ 0.49	$ 1.05
Discontinued operations	—	(0.06)	—	0.92
Net income attributable to common stockholders	$ 0.25	$ 0.27	$ 0.49	$ 1.97

(1) Diluted EPS excludes 184,304 convertible preferred units for the three and nine months ended September 30, 2014 and 2013 as their impact was antidilutive.

Diluted EPS excludes 10,110,716 and 9,621,313 Operating Partnership units ("OP Units") for the three months ended September 30, 2014 and 2013, respectively, and 10,072,321 and 9,920,197 OP Units for the nine months ended September 30, 2014 and 2013, respectively, as their impact was antidilutive.

4. Investments in Unconsolidated Joint Ventures:

The Company has made the following recent investments and dispositions relating to its unconsolidated joint ventures:

On May 29, 2013, the Company's joint venture in Pacific Premier Retail LP sold Redmond Town Center Office, a 582,000 square foot office building in Redmond, Washington, for $185,000, resulting in a gain on the sale of assets of $89,157 to the joint venture. The Company's share of the gain was $44,424, which was included in equity in income of unconsolidated joint ventures. The Company used its share of the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On June 12, 2013, the Company's joint venture in Pacific Premier Retail LP sold Kitsap Mall, an 846,000 square foot regional shopping center in Silverdale, Washington, for $127,000, resulting in a gain on the sale of assets of $55,150 to the joint venture. The Company's share of the gain was $28,127, which was included in equity in income of unconsolidated joint ventures. The Company used its share of the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On August 1, 2013, the Company's joint venture in Pacific Premier Retail LP sold Redmond Town Center, a 695,000 square foot community center in Redmond, Washington, for $127,000, resulting in a gain on the sale of assets of $38,447 to the joint venture. The Company's share of the gain was $18,251, which was included in equity in income of unconsolidated joint ventures. The Company used its share of the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On September 17, 2013, the Company’s joint venture in Camelback Colonnade, a 619,000 square foot community center in Phoenix, Arizona, was restructured. As a result of the restructuring, the Company’s ownership interest in Camelback Colonnade decreased from 73.2% to 67.5%. Prior to the restructuring, the Company had accounted for its investment in Camelback Colonnade under the equity method of accounting due to substantive participation rights held by the outside partners. Upon completion of the restructuring, these substantive participation rights were terminated and the Company obtained voting control of the joint venture. This transaction is referred to herein as the "Camelback Colonnade Restructuring." Since the date of the restructuring, the Company has included Camelback Colonnade in its consolidated financial statements (See Note 13—Acquisitions).

On October 8, 2013, the Company's joint venture in Ridgmar Mall, a 1,273,000 square foot regional shopping center in Fort Worth, Texas, sold the property for $60,900, resulting in a gain on the sale of assets of $6,243 to the joint venture. The Company's share of the gain was $3,121, which was included in equity in income from joint ventures. The cash proceeds from the sale were used to pay off the $51,657 mortgage loan on the property and the remaining $9,243, net of closing costs, was distributed to the partners. The Company used its share of the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On October 24, 2013, the Company acquired the remaining 33.3% ownership interest in Superstition Springs Center, a 1,082,000 square foot regional shopping center in Mesa, Arizona, that it did not own for $46,162. The purchase price was funded by a cash payment of $23,662 and the assumption of the third party's pro rata share of the mortgage note payable on the property of $22,500. Prior to the acquisition, the Company had accounted for its investment in Superstition Springs Center under the equity method. Since the date of acquisition, the Company has included Superstition Springs Center in its consolidated financial statements (See Note 13—Acquisitions).

On June 4, 2014, the Company acquired the remaining 49.0% ownership interest in Cascade Mall, a 593,000 square foot regional shopping center in Burlington, Washington, that it did not own for a cash payment of $15,233. The Company purchased Cascade Mall from its joint venture in Pacific Premier Retail LP. Prior to the acquisition, the Company had accounted for its investment in Cascade Mall under the equity method. Since the date of acquisition, the Company has included Cascade Mall in its consolidated financial statements (See Note 13—Acquisitions).

On July 30, 2014, the Company formed a joint venture with Pennsylvania Real Estate Investment Trust to redevelop The Gallery, a 1,405,000 square foot regional shopping center in Philadelphia, Pennsylvania. The Company invested $106,800 for a 50% interest in the joint venture, which was funded by borrowings under its line of credit.

(Dollars in thousands, except per share amounts)

4. Investments in Unconsolidated Joint Ventures: (Continued)

On August 28, 2014, the Company sold its 30% ownership interest in Wilshire Boulevard, a 40,000 square foot freestanding store in Santa Monica, California, for a total sales price of $17,100, resulting in a gain on the sale of assets of $9,033, which was included in gain (loss) on remeasurement, sale or write down of assets, net. The sales price was funded by a cash payment of $15,386 and the assumption of the Company's share of the mortgage note payable on the property of $1,714. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes.

Combined and condensed balance sheets and statements of operations are presented below for all unconsolidated joint ventures.

Combined and Condensed Balance Sheets of Unconsolidated Joint Ventures:

	September 30, 2014	December 31, 2013
Assets(1):		
Properties, net	$ 3,798,082	$ 3,435,737
Other assets	305,649	295,719
Total assets	$ 4,103,731	$ 3,731,456
Liabilities and partners' capital(1):		
Mortgage notes payable(2)	$ 3,420,951	$ 3,518,215
Other liabilities	242,861	202,444
Company's capital (deficit)	200,943	(25,367)
Outside partners' capital	238,976	36,164
Total liabilities and partners' capital	$ 4,103,731	$ 3,731,456
Investments in unconsolidated joint ventures:		
Company's capital (deficit)	$ 200,943	$ (25,367)
Basis adjustment(3)	472,808	474,658
	$ 673,751	$ 449,291
Assets—Investments in unconsolidated joint ventures	$ 927,424	$ 701,483
Liabilities—Distributions in excess of investments in unconsolidated joint ventures	(253,673)	(252,192)
	$ 673,751	$ 449,291

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

4. Investments in Unconsolidated Joint Ventures: (Continued)

(1) These amounts include the assets and liabilities of the following joint ventures as of September 30, 2014 and December 31, 2013:

	Pacific Premier Retail LP	Tysons Corner LLC
As of September 30, 2014:		
Total Assets	$ 736,872	$ 340,973
Total Liabilities	$ 813,400	$ 873,896
As of December 31, 2013:		
Total Assets	$ 775,012	$ 356,871
Total Liabilities	$ 812,725	$ 887,413

(2) Certain mortgage notes payable could become recourse debt to the Company should the joint venture be unable to discharge the obligations of the related debt. As of September 30, 2014 and December 31, 2013, a total of $33,540 could become recourse debt to the Company. As of September 30, 2014 and December 31, 2013, the Company had an indemnity agreement from a joint venture partner for $16,770 of the guaranteed amount.

Included in mortgage notes payable are amounts due to affiliates of Northwestern Mutual Life ("NML") of $703,589 and $712,455 as of September 30, 2014 and December 31, 2013, respectively. NML is considered a related party because it is a joint venture partner with the Company in Macerich Northwestern Associates—Broadway Plaza. Interest expense on these borrowings was $9,645 and $7,920 for the three months ended September 30, 2014 and 2013, respectively, and $28,992 and $21,717 for the nine months ended September 30, 2014 and 2013, respectively.

(3) The Company amortizes the difference between the cost of its investments in unconsolidated joint ventures and the book value of the underlying equity into income on a straight-line basis consistent with the lives of the underlying assets. The amortization of this difference was $948 and $3,860 for the three months ended September 30, 2014 and 2013, respectively, and $3,227 and $9,753 for the nine months ended September 30, 2014 and 2013, respectively.

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

4. Investments in Unconsolidated Joint Ventures: (Continued)

Combined and Condensed Statements of Operations of Unconsolidated Joint Ventures:

	Pacific Premier Retail LP	Tysons Corner LLC	Other Joint Ventures	Total
Three Months Ended September 30, 2014				
Revenues:				
Minimum rents	$ 25,095	$ 15,542	$ 61,522	$ 102,159
Percentage rents	653	115	3,683	4,451
Tenant recoveries	11,495	11,757	26,235	49,487
Other	962	678	9,523	11,163
Total revenues	38,205	28,092	100,963	167,260
Expenses:				
Shopping center and operating expenses	9,959	9,694	37,384	57,037
Interest expense	9,643	8,107	17,651	35,401
Depreciation and amortization	8,199	5,162	24,006	37,367
Total operating expenses	27,801	22,963	79,041	129,805
Loss on remeasurement, sale or write down of assets, net	(732)	—	(6)	(738)
Net income	$ 9,672	$ 5,129	$ 21,916	$ 36,717
Company's equity in net income	$ 4,379	$ 988	$ 11,568	$ 16,935
Three Months Ended September 30, 2013				
Revenues:				
Minimum rents	$ 27,426	$ 15,344	$ 59,940	$ 102,710
Percentage rents	572	(12)	2,938	3,498
Tenant recoveries	12,115	11,304	28,361	51,780
Other	1,086	510	8,143	9,739
Total revenues	41,199	27,146	99,382	167,727
Expenses:				
Shopping center and operating expenses	12,231	9,818	35,926	57,975
Interest expense	10,251	3,801	21,062	35,114
Depreciation and amortization	9,067	4,568	22,688	36,323
Total operating expenses	31,549	18,187	79,676	129,412
Gain (loss) on remeasurement, sale or write down of assets, net	38,432	—	(328)	38,104
Gain on extinguishment of debt	—	14	—	14
Net income	$ 48,082	$ 8,973	$ 19,378	$ 76,433
Company's equity in net income	$ 21,567	$ 2,919	$ 10,675	$ 35,161

(Dollars in thousands, except per share amounts)

4. Investments in Unconsolidated Joint Ventures: (Continued)

	Pacific Premier Retail LP	Tysons Corner LLC	Other Joint Ventures	Total
Nine Months Ended September 30, 2014				
Revenues:				
Minimum rents	$ 76,829	$ 47,516	$ 173,710	$ 298,055
Percentage rents	1,862	719	7,915	10,496
Tenant recoveries	34,614	35,140	75,606	145,360
Other	3,652	2,294	25,821	31,767
Total revenues	116,957	85,669	283,052	485,678
Expenses:				
Shopping center and operating expenses	31,772	29,374	101,522	162,668
Interest expense	29,572	23,590	56,717	109,879
Depreciation and amortization	25,747	14,520	66,768	107,035
Total operating expenses	87,091	67,484	225,007	379,582
Loss on remeasurement, sale or write down of assets, net	(7,044)	—	(66)	(7,110)
Net income	$ 22,822	$ 18,185	$ 57,979	$ 98,986
Company's equity in net income	$ 9,865	$ 4,357	$ 30,385	$ 44,607
Nine Months Ended September 30, 2013				
Revenues:				
Minimum rents	$ 91,779	$ 46,526	$ 180,870	$ 319,175
Percentage rents	2,155	734	7,176	10,065
Tenant recoveries	40,555	34,025	82,261	156,841
Other	3,980	2,080	26,923	32,983
Total revenues	138,469	83,365	297,230	519,064
Expenses:				
Shopping center and operating expenses	40,948	26,819	106,887	174,654
Interest expense	33,118	7,825	66,108	107,051
Depreciation and amortization	30,697	13,499	67,808	112,004
Total operating expenses	104,763	48,143	240,803	393,709
Gain on remeasurement, sale or write down of assets, net	182,781	—	373	183,154
Gain on extinguishment of debt	—	14	—	14
Net income	$ 216,487	$ 35,236	$ 56,800	$ 308,523
Company's equity in net income	$ 105,684	$ 12,957	$ 26,836	$ 145,477

Significant accounting policies used by the unconsolidated joint ventures are similar to those used by the Company.

(Dollars in thousands, except per share amounts)

5. Property:

Property consists of the following:

	September 30, 2014	December 31, 2013
Land	$ 1,713,298	$ 1,707,005
Buildings and improvements	6,508,764	6,555,212
Tenant improvements	545,336	537,754
Equipment and furnishings	144,950	152,198
Construction in progress	346,914	229,169
	9,259,262	9,181,338
Less accumulated depreciation	(1,688,626)	(1,559,572)
	$ 7,570,636	$ 7,621,766

Depreciation expense was $68,663 and $68,589 for the three months ended September 30, 2014 and 2013, respectively, and $205,158 and $200,222 for the nine months ended September 30, 2014 and 2013, respectively.

The gain (loss) on remeasurement, sale or write down of assets, net, was $9,561 and $8,249 for the three months ended September 30, 2014 and 2013, respectively, and $(1,504) and $12,279 for the nine months ended September 30, 2014 and 2013, respectively.

The gain (loss) on remeasurement, sale or write down of assets, net, for the three and nine months ended September 30, 2013 includes the remeaurement gain of $36,341 on the Camelback Colonnade Restructuring (See Note 13—Acquisitions).

The gain (loss) on remeasurement, sale or write down of assets, net, for the three and nine months ended September 30, 2014 includes the $9,033 gain on the sale of the Company's 30% ownership interest in Wilshire Boulevard, a 40,000 square foot freestanding store in Santa Monica, California (See Note 4—Investments in Unconsolidated Joint Ventures). In addition, the gain (loss) on remeasurement, sale or write down of assets, net, for the nine months ended September 30, 2014 includes the loss of $1,602 on the sales of Rotterdam Square, a 585,000 square foot regional shopping center in Schenectady, New York; Somersville Towne Center, a 348,000 square foot regional shopping center in Antioch, California; and Lake Square Mall, a 559,000 square foot regional shopping center in Leesburg, Florida.

The gain (loss) on remeasurement, sale or write down of assets, net, includes the impairment losses of $238 and $27,972 for the three months ended September 30, 2014 and 2013, respectively, and $8,754 and $27,972 for the nine months ended September 30, 2014 and 2013, respectively. The impairment losses were due to the reduction of the estimated holding periods of former Mervyn's stores and Great Northern Mall.

The remaining gain (loss) on remeasurement, sale or write down of assets, net, of $766 and $(120) for the three months ended September 30, 2014 and 2013, respectively, and $(181) and $3,910 for the nine months ended September 30, 2014 and 2013, respectively, are primarily due to the sale of other assets and the write-off of development costs.

6. Tenant and Other Receivables, net:

Included in tenant and other receivables, net, is an allowance for doubtful accounts of $4,224 and $2,878 at September 30, 2014 and December 31, 2013, respectively. Also included in tenant and other receivables, net, are accrued percentage rents of $3,130 and $9,824 at September 30, 2014 and December 31, 2013, respectively, and a deferred rent receivable due to straight-line rent adjustments of $56,943 and $53,380 at September 30, 2014 and December 31, 2013, respectively.

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

6. Tenant and Other Receivables, net: (Continued)

On March 17, 2014, in connection with the sale of Lake Square Mall (See Note 5—Property), the Company issued a note receivable for $6,500 that bears interest at an effective rate of 6.5% and matures on March 17, 2018 ("LSM Note A") and a note receivable for $3,103 that bore interest at 5.0% and was to mature on December 31, 2014 ("LSM Note B"). On September 2, 2014, the balance of LSM Note B was paid in full. The balance of LSM Note A at September 30, 2014 was $6,461 and is collateralized by a trust deed on Lake Square Mall.

7. Deferred Charges and Other Assets, net:

Deferred charges and other assets, net, consist of the following:

	September 30, 2014	December 31, 2013
Leasing	$ 227,151	$ 223,038
Financing	50,896	51,695
Intangible assets:		
In-place lease values	185,832	205,651
Leasing commissions and legal costs	46,982	50,594
Above-market leases	111,941	118,770
Deferred tax assets	35,115	31,356
Deferred compensation plan assets	33,784	30,932
Other assets	69,598	65,793
	761,299	777,829
Less accumulated amortization(1)	(268,602)	(244,771)
	$ 492,697	$ 533,058

(1) Accumulated amortization includes $95,529 and $89,141 relating to in-place lease values, leasing commissions and legal costs at September 30, 2014 and December 31, 2013, respectively. Amortization expense of in-place lease values, leasing commissions and legal costs was $11,850 and $12,173 for the three months ended September 30, 2014 and 2013, respectively, and $35,948 and $40,263 for the nine months ended September 30, 2014 and 2013, respectively.

The allocated values of above-market leases and below-market leases consist of the following:

	September 30, 2014	December 31, 2013
Above-Market Leases		
Original allocated value	$ 111,941	$ 118,770
Less accumulated amortization	(53,781)	(46,912)
	$ 58,160	$ 71,858
Below-Market Leases(1)		
Original allocated value	$ 182,593	$ 187,537
Less accumulated amortization	(88,838)	(79,271)
	$ 93,755	$ 108,266

(1) Below-market leases are included in other accrued liabilities.

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

8. Mortgage Notes Payable:

Mortgage notes payable at September 30, 2014 and December 31, 2013 consist of the following:

	Carrying Amount of Mortgage Notes(1)						
	September 30, 2014		December 31, 2013				
Property Pledged as Collateral	Related Party	Other	Related Party	Other	Effective Interest Rate(2)	Monthly Debt Service(3)	Maturity Date(4)
Arrowhead Towne Center	$ —	$ 230,552	$ —	$ 236,028	2.76%	$ 1,131	2018
Camelback Colonnade	—	48,233	—	49,120	2.16%	178	2015
Chandler Fashion Center(5)	—	200,000	—	200,000	3.77%	625	2019
Danbury Fair Mall	114,994	114,993	117,120	117,120	5.53%	1,538	2020
Deptford Mall	—	198,785	—	201,622	3.76%	947	2023
Deptford Mall	—	14,354	—	14,551	6.46%	101	2016
Eastland Mall	—	168,000	—	168,000	5.79%	811	2016
Fashion Outlets of Chicago(6)	—	117,350	—	91,383	2.95%	259	2017
Fashion Outlets of Niagara Falls USA	—	122,053	—	124,030	4.89%	727	2020
Flagstaff Mall	—	37,000	—	37,000	5.03%	151	2015
FlatIron Crossing	—	263,144	—	268,000	3.90%	1,393	2021
Freehold Raceway Mall(5)	—	230,255	—	232,900	4.20%	1,132	2018
Fresno Fashion Fair	78,427	78,427	79,391	79,390	6.76%	1,104	2015
Great Northern Mall(7)	—	34,747	—	35,484	6.54%	234	2015
Green Acres Mall	—	315,126	—	319,850	3.61%	1,447	2021
Kings Plaza Shopping Center	—	483,251	—	490,548	3.67%	2,229	2019
Northgate Mall(8)	—	64,000	—	64,000	3.03%	128	2017
Oaks, The	—	211,224	—	214,239	4.14%	1,064	2022
Pacific View	—	133,869	—	135,835	4.08%	668	2022
Santa Monica Place	—	231,638	—	235,445	2.99%	1,004	2018
SanTan Village Regional Center	—	134,523	—	136,629	3.14%	589	2019
South Plains Mall(9)	—	71,725	—	99,833	4.78%	383	2015
Superstition Springs Center	—	68,158	—	68,395	1.98%	138	2016
Towne Mall	—	22,707	—	22,996	4.48%	117	2022
Tucson La Encantada	71,848	—	72,870	—	4.23%	368	2022
Valley Mall	—	41,571	—	42,155	5.85%	280	2016
Valley River Center	—	120,000	—	120,000	5.59%	558	2016
Victor Valley, Mall of(10)	—	115,000	—	90,000	4.00%	380	2024
Vintage Faire Mall	—	98,006	—	99,083	5.81%	586	2015
Westside Pavilion	—	150,278	—	152,173	4.49%	783	2022
	$ 265,269	$ 4,118,969	$ 269,381	$ 4,145,809			

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

8. Mortgage Notes Payable: (Continued)

(1) The mortgage notes payable balances include the unamortized debt premiums (discounts). Debt premiums (discounts) represent the excess (deficiency) of the fair value of debt over (under) the principal value of debt assumed in various acquisitions and are amortized into interest expense over the remaining term of the related debt in a manner that approximates the effective interest method.

Debt premiums (discounts) consist of the following:

Property Pledged as Collateral	September 30, 2014	December 31, 2013
Arrowhead Towne Center	$ 12,337	$ 14,642
Camelback Colonnade	1,233	2,120
Deptford Mall	(10)	(14)
Fashion Outlets of Niagara Falls USA	5,646	6,342
Superstition Springs Center	658	895
Valley Mall	(154)	(219)
	$ 19,710	$ 23,766

(2) The interest rate disclosed represents the effective interest rate, including the debt premiums (discounts) and deferred finance costs.

(3) The monthly debt service represents the payment of principal and interest.

(4) The maturity date assumes that all extension options are fully exercised and that the Company does not opt to refinance the debt prior to these dates. These extension options are at the Company's discretion, subject to certain conditions, which the Company believes will be met.

(5) A 49.9% interest in the loan has been assumed by a third party in connection with a co-venture arrangement (See Note 10—Co-Venture Arrangement).

(6) The construction loan on the property allows for borrowings of up to $140,000, bears interest at LIBOR plus 2.50% and matures on March 5, 2017, including extension options. At September 30, 2014 and December 31, 2013, the total interest rate was 2.95% and 2.96%, respectively.

(7) On March 24, 2014, the loan was extended to January 1, 2015.

(8) The loan bears interest at LIBOR plus 2.25% and matures on March 1, 2017. At September 30, 2014 and December 31, 2013, the total interest rate was 3.03% and 3.04%, respectively.

(9) On February 7, 2014, the Company paid off in full one of the two loans on the property, which resulted in a loss of $359 on the early extinguishment of debt.

(10) On August 28, 2014, the Company replaced the existing loan on the property with a new loan that bears interest at an effective interest rate of 4.00% and matures on September 1, 2024. The replacement of the existing loan resulted in a loss of $46 on the early extinguishment of debt.

Most of the mortgage loan agreements contain a prepayment penalty provision for the early extinguishment of the debt.

Most of the Company's mortgage notes payable are secured by the properties on which they are placed and are non-recourse to the Company. As of September 30, 2014 and December 31, 2013, a total of $72,175 and $77,192, respectively, of the mortgage notes payable could become recourse to the Company.

The Company expects that all loan maturities, except Great Northern Mall, will be refinanced, restructured, extended and/or paid-off during the next twelve months from the Company's line of credit or with cash on hand.

Total interest expense capitalized was $3,930 and $2,887 for the three months ended September 30, 2014 and 2013, respectively, and $9,513 and $8,227 during the nine months ended September 30, 2014 and 2013, respectively.

Related party mortgage notes payable are amounts due to affiliates of NML. See Note 16—Related Party Transactions for interest expense associated with loans from NML.

8. Mortgage Notes Payable: (Continued)

The estimated fair value (Level 2 measurement) of mortgage notes payable at September 30, 2014 and December 31, 2013 was $4,452,658 and $4,500,177, respectively, based on current interest rates for comparable loans. The method for computing fair value was determined using a present value model and an interest rate that included a credit value adjustment based on the estimated value of the property that serves as collateral for the underlying debt.

9. Bank and Other Notes Payable:

Bank and other notes payable consist of the following:

Line of Credit:

The Company has a $1,500,000 revolving line of credit that initially bore interest at LIBOR plus a spread of 1.75% to 3.0%, depending on the Company's overall leverage levels, and was to mature on May 2, 2015 with a one-year extension option. The line of credit had the ability to be expanded, depending on certain conditions, up to a total facility of $2,000,000 less the outstanding balance of the $125,000 unsecured term loan as described below.

On August 6, 2013, the Company's line of credit was amended and extended. The amended facility provides for an interest rate of LIBOR plus a spread of 1.38% to 2.0%, depending on the Company's overall leverage level, and matures on August 6, 2018. Based on the Company's leverage level as of September 30, 2014, the borrowing rate on the facility was LIBOR plus 1.38%. In addition, the line of credit can be expanded, depending on certain conditions, up to a total facility of $2,000,000 (without giving effect to the $125,000 unsecured term loan described below).

As of September 30, 2014 and December 31, 2013, borrowings under the line of credit were $410,000 and $30,000, respectively, at an average interest rate of 1.81% and 1.85%, respectively. The estimated fair value (Level 2 measurement) of the line of credit at September 30, 2014 and December 31, 2013 was $387,244 and $28,214, respectively, based on a present value model using a credit interest rate spread offered to the Company for comparable debt.

Term Loan:

On December 8, 2011, the Company obtained a $125,000 unsecured term loan under the line of credit that bears interest at LIBOR plus a spread of 1.95% to 3.20%, depending on the Company's overall leverage level, and matures on December 8, 2018. Based on the Company's current leverage level as of September 30, 2014, the borrowing rate was LIBOR plus 1.95%. As of September 30, 2014 and December 31, 2013, the total interest rate was 2.25% and 2.51%, respectively. The estimated fair value (Level 2 measurement) of the term loan at September 30, 2014 and December 31, 2013 was $119,636 and $120,802, respectively, based on a present value model using a credit interest rate spread offered to the Company for comparable debt.

Prasada Note:

On March 29, 2013, the Company issued a $13,330 note payable that bears interest at 5.25% and matures on March 29, 2016. The note payable is collateralized by a portion of a development reimbursement agreement with the City of Surprise, Arizona. At September 30, 2014 and December 31, 2013, the note had a balance of $11,301 and $12,537, respectively. The estimated fair value (Level 2 measurement) of the note at September 30, 2014 and December 31, 2013 was $11,699 and $13,114, respectively, based on current interest rates for comparable notes. The method for computing fair value was determined using a present value model and an interest rate that included a credit value adjustment based on the estimated value of the collateral for the underlying debt.

As of September 30, 2014 and December 31, 2013, the Company was in compliance with all applicable financial loan covenants.

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

10. Co-Venture Arrangement:

On September 30, 2009, the Company formed a joint venture, whereby a third party acquired a 49.9% interest in Freehold Raceway Mall and Chandler Fashion Center.

As a result of the Company having certain rights under the agreement to repurchase the assets after the seventh year of the venture formation, the transaction did not qualify for sale treatment. The Company, however, is not obligated to repurchase the assets. The transaction has been accounted for as a profit-sharing arrangement, and accordingly the assets, liabilities and operations of the properties remain on the books of the Company and a co-venture obligation was established for the amount of $168,154, representing the net cash proceeds received from the third party. The co-venture obligation is increased for the allocation of income to the co-venture partner and decreased for distributions to the co-venture partner. The co-venture obligation was $75,669 and $81,515 at September 30, 2014 and December 31, 2013, respectively.

11. Noncontrolling Interests:

The Company allocates net income of the Operating Partnership based on the weighted average ownership interest during the period. The net income of the Operating Partnership that is not attributable to the Company is reflected in the consolidated statements of operations as noncontrolling interests. The Company adjusts the noncontrolling interests in the Operating Partnership at the end of each period to reflect its ownership interest in the Company. The Company had a 93% ownership interest in the Operating Partnership as of September 30, 2014 and December 31, 2013. The remaining 7% limited partnership interest as of September 30, 2014 and December 31, 2013 was owned by certain of the Company's executive officers and directors, certain of their affiliates, and other third party investors in the form of OP Units. The OP Units may be redeemed for shares of stock or cash, at the Company's option. The redemption value for each OP Unit as of any balance sheet date is the amount equal to the average of the closing price per share of the Company's common stock, par value $0.01 per share, as reported on the New York Stock Exchange for the 10 trading days ending on the respective balance sheet date. Accordingly, as of September 30, 2014 and December 31, 2013, the aggregate redemption value of the then-outstanding OP Units not owned by the Company was $647,988 and $587,917, respectively.

The Company issued common and preferred units of MACWH, LP in April 2005 in connection with the acquisition of the Wilmorite portfolio. The common and preferred units of MACWH, LP are redeemable at the election of the holder, the Company may redeem them for cash or shares of the Company's stock at the Company's option and they are classified as permanent equity.

Included in permanent equity are outside ownership interests in various consolidated joint ventures. The joint ventures do not have rights that require the Company to redeem the ownership interests in either cash or stock.

12. Stockholders' Equity:

On August 17, 2012, the Company entered into an equity distribution agreement ("2012 Distribution Agreement") with a number of sales agents (the "2012 ATM Program") to issue and sell, from time to time, shares of common stock, par value $0.01 per share, having an aggregate offering price of up to $500,000 (the “2012 ATM Shares”). Sales of the 2012 ATM Shares, could have been made in privately negotiated transactions and/or any other method permitted by law, including sales deemed to be an “at the market” offering, which includes sales made directly on the New York Stock Exchange or sales made to or through a market maker other than on an exchange. The Company agreed to pay each sales agent a commission that was not to exceed, but could have been lower than, 2% of the gross proceeds of the 2012 ATM Shares sold through such sales agent under the 2012 Distribution Agreement.

During the year ended December 31, 2012, the Company sold 2,961,903 shares of common stock under the 2012 ATM Program in exchange for aggregate gross proceeds of $177,896 and net proceeds of $175,649 after commissions and other transaction costs. During the year ended December 31, 2013, the Company sold 2,456,956 shares of common stock under the 2012 ATM Program in exchange for aggregate gross proceeds of $173,011 and net proceeds of $171,102 after commissions and other transaction costs. The proceeds from the sales were used to pay down the Company's line of credit.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

12. Stockholders' Equity: (Continued)

On August 20, 2014, the Company terminated and replaced the 2012 ATM Program with a new ATM Program (the "2014 ATM Program") to sell, from time to time, shares of common stock, par value $0.01 per share, having an aggregate offering price of up to $500,000 (the "Shares"). The terms of the 2014 ATM Program are substantially the same as the 2012 ATM Program.

The Company did not sell any shares under the ATM Programs during the nine months ended September 30, 2014.

As of September 30, 2014, $500,000 of the Shares were available to be sold under the 2014 ATM Program. The unsold 2012 ATM Shares are no longer available for issuance. Actual future sales of the Shares under the 2014 ATM Program will depend upon a variety of factors including but not limited to market conditions, the trading price of the Company's common stock and the Company's capital needs. The Company has no obligation to sell the Shares under the 2014 ATM Program.

13. Acquisitions:

Fashion Outlets of Niagara Falls USA:

On July 22, 2011, the Company acquired the Fashion Outlets of Niagara Falls USA, a 517,000 square foot outlet center in Niagara Falls, New York. The purchase and sale agreement included contingent consideration payable to AWE/Talisman, the former owner of the property and a related party (See Note 16—Related Party Transactions), based on the performance of the Fashion Outlets of Niagara Falls USA from the acquisition date through July 21, 2014 that increased the purchase price above the initial $200,000. During the nine months ended September 30, 2014, the Company paid $18,667 in full settlement of the contingent consideration liability.

Green Acres Mall:

On January 24, 2013, the Company acquired Green Acres Mall, a 1,791,000 square foot regional shopping center in Valley Stream, New York, for a purchase price of $500,000. A purchase deposit of $30,000 was funded during the year ended December 31, 2012, and the remaining $470,000 was funded upon closing of the acquisition. The cash payment made at the time of closing was provided by the placement of a mortgage note payable on the property that allowed for borrowings of up to $325,000 and from borrowings under the Company's line of credit. Concurrent with the acquisition, the Company borrowed $100,000 on the loan. On January 31, 2013, the Company exercised its option to borrow the remaining $225,000 on the loan. The acquisition was completed to acquire another prominent shopping center in the New York metropolitan area.

The following is a summary of the allocation of the fair value of Green Acres Mall:

Property	$ 477,673
Deferred charges	45,130
Other assets	19,125
Total assets acquired	541,928
Other accrued liabilities	41,928
Total liabilities assumed	41,928
Fair value of acquired net assets	$ 500,000

The Company determined that the purchase price represented the fair value of the assets acquired and liabilities assumed.

Since the date of acquisition, the Company has included Green Acres Mall in its consolidated financial statements.

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

13. Acquisitions: (Continued)

Green Acres Adjacent:

On April 25, 2013, the Company acquired a 19 acre parcel of land adjacent to Green Acres Mall for $22,577. The payment was provided by borrowings from the Company's line of credit. The acquisition was completed to allow for future expansion of Green Acres Mall.

Camelback Colonnade Restructuring:

On September 17, 2013, the Company's joint venture in Camelback Colonnade was restructured. As a result of the restructuring, the Company's ownership interest in Camelback Colonnade decreased from 73.2% to 67.5%. Prior to the restructuring, the Company had accounted for its investment in Camelback Colonnade under the equity method of accounting due to substantive participation rights held by the outside partners. Upon completion of the restructuring, these substantive participation rights were terminated and the Company obtained voting control of the joint venture (See Note 4—Investments in Unconsolidated Joint Ventures).

The following is a summary of the allocation of the fair value of Camelback Colonnade:

Property	$	98,160
Deferred charges		8,284
Cash and cash equivalents		1,280
Restricted cash		1,139
Tenant receivables		615
Other assets		380
Total assets acquired		109,858
Mortgage note payable		49,465
Accounts payable		54
Other accrued liabilities		4,752
Total liabilities assumed		54,271
Fair value of acquired net assets (at 100% ownership)	$	55,587

The Company recognized the following remeasurement gain on the Camelback Colonnade Restructuring:

Fair value of existing ownership interest (at 73.2% ownership)	$	41,690
Carrying value of investment		(5,349)
Gain on remeasurement	$	36,341

Since the date of the restructuring, the Company has included Camelback Colonnade in its consolidated financial statements.

Superstition Springs Center:

On October 24, 2013, the Company acquired the remaining 33.3% ownership interest in Superstition Springs Center that it did not own for $46,162. The purchase price was funded by a cash payment of $23,662 and the assumption of the third party's pro rata share of the mortgage note payable on the property of $22,500. Prior to the acquisition, the Company had accounted for its investment under the equity method of accounting (See Note 4—Investments in Unconsolidated Joint Ventures). As a result of this transaction, the Company obtained 100% ownership of Superstition Springs Center. The acquisition was completed in order to gain 100% ownership and control over this asset.

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

13. Acquisitions: (Continued)

The following is a summary of the allocation of the fair value of Superstition Springs Center:

Property	$ 114,373
Deferred charges	12,353
Cash and cash equivalents	8,894
Tenant receivables	51
Other assets	11,535
Total assets acquired	147,206
Mortgage note payable	68,448
Accounts payable	119
Other accrued liabilities	7,637
Total liabilities assumed	76,204
Fair value of acquired net assets (at 100% ownership)	$ 71,002

The Company determined that the purchase price represented the fair value of the additional ownership interest in Superstition Springs Center that was acquired.

Fair value of existing ownership interest (at 66.7% ownership)	$ 47,340
Carrying value of investment	(32,476)
Gain on remeasurement	$ 14,864

The following is the reconciliation of the purchase price to the fair value of the acquired net assets:

Purchase price	$ 46,162
Less debt assumed	(22,500)
Carrying value of investment	32,476
Remeasurement gain	14,864
Fair value of acquired net assets (at 100% ownership)	$ 71,002

Since the date of acquisition, the Company has included Superstition Springs Center in its consolidated financial statements.

Cascade Mall:

On June 4, 2014, the Company acquired the remaining 49.0% ownership interest in Cascade Mall that it did not own for $15,233. Prior to the acquisition, the Company had accounted for its investment under the equity method of accounting (See Note 4—Investments in Unconsolidated Joint Ventures). As a result of this transaction, the Company obtained 100% ownership of Cascade Mall. The acquisition was completed in order to obtain 100% ownership and control over this asset.

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

13. Acquisitions: (Continued)

The following is a summary of the allocation of the fair value of Cascade Mall:

Property	$	28,924
Deferred charges		6,660
Other assets		202
Total assets acquired		35,786
Other accrued liabilities		4,786
Total liabilities assumed		4,786
Fair value of acquired net assets (at 100% ownership)	$	31,000

The Company determined that the purchase price represented the fair value of the additional ownership interest in Cascade Mall that was acquired.

The following is the reconciliation of the purchase price to the fair value of the acquired net assets:

Purchase price	$	15,233
Carrying value of investment		15,767
Fair value of acquired net assets (at 100% ownership)	$	31,000

Since the date of acquisition, the Company has included Cascade Mall in its consolidated financial statements. The property has generated incremental revenue of $2,337 and incremental earnings of $667 during the nine months ended September 30, 2014.

Pro Forma Results of Operations:

The following unaudited pro forma financial information for the three and nine months ended September 30, 2014 and 2013 assumes all of the above transactions took place on January 1, 2013:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2014	2013	2014	2013
Pro forma revenue (1)	$ 263,492	$ 267,091	$ 785,038	$ 773,343
Pro forma income from continuing operations (1)	$ 38,744	$ 13,492	$ 73,847	$ 122,976

(1) This unaudited pro forma supplemental information does not purport to be indicative of what the Company's operating results would have been had these transactions occurred on January 1, 2013, and may not be indicative of future operating results. The Company has excluded remeasurement gains and acquisition costs from these pro forma results as they are considered significant non-recurring adjustments directly attributable to these transactions.

14. Discontinued Operations:

On May 31, 2013, the Company sold Green Tree Mall, a 793,000 square foot regional shopping center in Clarksville, Indiana, for $79,000, resulting in a gain on the sale of assets of $59,767. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On June 4, 2013, the Company sold Northridge Mall, an 890,000 square foot regional shopping center in Salinas, California, and Rimrock Mall, a 603,000 square foot regional shopping center in Billings, Montana. The properties were sold

14. Discontinued Operations: (Continued)

in a combined transaction for $230,000, resulting in a gain on the sale of assets of $82,151. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On September 11, 2013, the Company sold a former Mervyn's store in Milpitas, California for $12,000, resulting in a loss on the sale of assets of $2,633. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On September 30, 2013, the Company conveyed Fiesta Mall, a 933,000 square foot regional shopping center in Mesa, Arizona, to the mortgage note lender by a deed-in-lieu of foreclosure. As a result of the conveyance, the Company recognized a gain on the extinguishment of debt of $1,401, which is included in (loss) gain on the disposition of assets, net.

On October 15, 2013, the Company sold a former Mervyn's store in Midland, Texas for $5,700, resulting in a loss on the sale of assets of $2,031. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On October 23, 2013, the Company sold a former Mervyn's store in Grand Junction, Colorado for $5,430, resulting in a gain on the sale of assets of $1,695. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On December 4, 2013, the Company sold a former Mervyn's store in Livermore, California for $10,475, resulting in a loss on the sale of assets of $5,257. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On December 11, 2013, the Company sold Chesterfield Towne Center, a 1,016,000 square foot regional shopping center in Richmond, Virginia, and Centre at Salisbury, an 862,000 square foot regional shopping center in Salisbury, Maryland, in a combined transaction for $292,500, resulting in a gain on the sale of assets of $151,467. The sales price was funded by a cash payment of $67,763, the assumption of the $109,737 mortgage note payable on Chesterfield Towne Center and the assumption of the $115,000 mortgage note payable on Centre at Salisbury. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes.

The Company has classified the results of operations and the gain or loss on all of the above dispositions as discontinued operations for the three and nine months ended September 30, 2013.

Revenues from discontinued operations were $10,926 and $47,427 for the three and nine months ended September 30, 2013, respectively. Total (loss) income from discontinued operations was $(8,844) and $137,112 for the three and nine months ended September 30, 2013, respectively.

15. Commitments and Contingencies:

The Company has certain properties that are subject to non-cancelable operating ground leases. The leases expire at various times through 2098, subject in some cases to options to extend the terms of the leases. Certain leases provide for contingent rent payments based on a percentage of base rental income, as defined in the lease. Ground rent expense was $2,667 and $2,580 for the three months ended September 30, 2014 and 2013, respectively, and $8,044 and $7,881 for the nine months ended September 30, 2014 and 2013, respectively. No contingent rent was incurred during the three and nine months ended September 30, 2014 or 2013.

As of September 30, 2014 and December 31, 2013, the Company was contingently liable for $18,388 and $18,862, respectively, in letters of credit guaranteeing performance by the Company of certain obligations relating to the Centers. The Company does not believe that these letters of credit will result in a liability to the Company.

The Company has entered into a number of construction agreements related to its redevelopment and development activities. Obligations under these agreements are contingent upon the completion of the services within the guidelines specified in the agreements. At September 30, 2014, the Company had $39,522 in outstanding obligations which it believes will be settled in the next twelve months.

(Dollars in thousands, except per share amounts)

16. Related Party Transactions:

Certain unconsolidated joint ventures and third-parties have engaged the Management Companies to manage the operations of the Centers. Under these arrangements, the Management Companies are reimbursed for compensation paid to on-site employees, leasing agents and project managers at the Centers, as well as insurance costs and other administrative expenses.

The following are fees charged to unconsolidated joint ventures:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2014	2013	2014	2013
Management Fees	$ 4,613	$ 5,286	$ 14,328	$ 16,286
Development and Leasing Fees	3,046	3,810	8,424	8,284
	$ 7,659	$ 9,096	$ 22,752	$ 24,570

Certain mortgage notes on the properties are held by NML (See Note 8—Mortgage Notes Payable). Interest expense in connection with these notes was $3,671 and $3,745 for the three months ended September 30, 2014 and 2013, respectively, and $11,069 and $11,289 for the nine months ended September 30, 2014 and 2013, respectively. Included in accounts payable and accrued expenses is interest payable on these notes of $1,322 and $1,240 at September 30, 2014 and December 31, 2013, respectively.

As of September 30, 2014 and December 31, 2013, the Company had loans to unconsolidated joint ventures of $3,361 and $2,756, respectively. Interest income associated with these notes was $53 and $58 for the three months ended September 30, 2014 and 2013, respectively, and $162 and $178 for the nine months ended September 30, 2014 and 2013, respectively. These loans represent initial funds advanced to development stage projects prior to construction loan funding. Accordingly, loan payables in the same amount have been accrued as an obligation by the various joint ventures.

Due from affiliates includes $5,897 and $3,822 of unreimbursed costs and fees due from unconsolidated joint ventures under management agreements at September 30, 2014 and December 31, 2013, respectively.

Due from affiliates at September 30, 2014 and December 31, 2013 also includes two notes receivable from principals of AWE/Talisman that bear interest at 5.0% and mature based on the refinancing or sale of Fashion Outlets of Chicago, or certain other specified events. The notes are collateralized by the principals' interests in Fashion Outlets of Chicago. AWE/Talisman is considered a related party because it has an ownership interest in Fashion Outlets of Chicago. The combined balance on these notes was $14,071 and $13,603 at September 30, 2014 and December 31, 2013, respectively. The combined interest income earned on these notes was $156 and $157 for the three months ended September 30, 2014 and 2013, respectively, and $467 for the nine months ended September 30, 2014 and 2013.

In addition, due from affiliates at September 30, 2014 and December 31, 2013 includes a note receivable of $11,454 and $12,707, respectively, from RED/303 LLC ("RED") that bears interest at 5.25% and matures on March 29, 2016. Interest income earned on this note was $154 and $176 for the three months ended September 30, 2014 and 2013, respectively, and $468 and $356 for the nine months ended September 30, 2014 and 2013, respectively. RED is considered a related party because it is a partner in a joint venture development project. The note is collateralized by RED's membership interest in a development agreement.

17. Share and Unit-Based Plans:

Under the Long-Term Incentive Plan ("LTIP"), each award recipient is issued a form of operating partnership units ("LTIP Units") in the Operating Partnership. Upon the occurrence of specified events and subject to the satisfaction of applicable vesting conditions, LTIP Units (after conversion into OP Units) are ultimately redeemable for common stock of the Company, or cash at the Company's option, on a one-unit for one-share basis. LTIP Units receive cash distributions based on the dividend

(Dollars in thousands, except per share amounts)

17. Share and Unit-Based Plans: (Continued)

amount paid on the common stock of the Company to the extent distributions are required. The LTIP may include market-indexed awards, service-based awards and fully-vested awards.

On January 1, 2014, the Company granted 272,930 market-indexed LTIP Units to seven executive officers at a weighted average grant date fair value of $45.34 per LTIP Unit. The new grants vest over a service period ending December 31, 2014. The market-indexed LTIP Units vest over the service period of the award based on the percentile ranking of the Company in terms of total return to stockholders (the "Total Return") per common stock share relative to the Total Return of a group of peer REITs, as measured at the end of the measurement period. The market-indexed LTIP Units are equally divided between two types of awards. The terms of both types of awards are the same, except one award has an additional 3% absolute Total Return requirement, which if it is not met, then the LTIP Units will not vest.

The fair value of the market-indexed LTIP Units was estimated on the date of grant using a Monte Carlo Simulation model. The stock price of the Company, along with the stock prices of the group of peer REITs, was assumed to follow the Multivariate Geometric Brownian Motion Process. Multivariate Geometric Brownian Motion Process modeling is commonly used in financial markets, as it allows the modeled quantity (in this case, the stock price) to vary randomly from its current value based on the stock price's expected volatility and current market interest rates. The volatilities of the returns on the stock price of the Company and the peer group REITs were estimated based on a one-year look-back period. The expected growth rate of the stock prices over the derived service period was determined with consideration of the risk free rate as of the grant date.

On January 1, 2014, the Company also granted 70,042 service-based LTIP Units to the seven executive officers at a weighted average grant date fair value of $58.89 per LTIP Unit. The service-based LTIP Units will vest in equal annual installments over a service period ending December 31, 2016.

On March 7, 2014, the Company granted 246,471 fully-vested LTIP Units to the seven executive officers at a weighted average grant date price of $60.25 as their 2013 performance bonus.

The following summarizes the compensation cost under the share and unit-based plans:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2014	2013	2014	2013
LTIP Units	$ 3,465	$ 4,743	$ 25,133	$ 12,393
Stock awards	84	121	281	353
Stock units	1,134	674	3,775	3,165
Stock options	4	4	12	12
Phantom stock units	296	248	902	735
	$ 4,983	$ 5,790	$ 30,103	$ 16,658

The Company capitalized share and unit-based compensation costs of $525 and $657 for the three months ended September 30, 2014 and 2013, respectively, and $4,886 and $2,745 for the nine months ended September 30, 2014 and 2013, respectively. Unrecognized compensation costs of share and unit-based plans at September 30, 2014 consisted of $6,216 from LTIP Units, $332 from stock awards, $2,870 from stock units, $47 from stock options and $697 from phantom stock units.

(Dollars in thousands, except per share amounts)

17. Share and Unit-Based Plans: (Continued)

The following table summarizes the activity of the non-vested LTIP Units, stock awards, phantom stock units and stock units:

	LTIP Units		Stock Awards		Phantom Stock Units		Stock Units	
	Units	Value(1)	Shares	Value(1)	Units	Value(1)	Units	Value(1)
Balance at January 1, 2014	—	$ —	19,001	$ 56.77	17,575	$ 58.66	137,318	$ 57.24
Granted	589,443	53.18	—	—	8,916	62.53	70,505	60.24
Vested	(246,471)	60.25	(9,812)	54.45	(14,548)	61.27	(68,151)	55.10
Forfeited	—	—	—	—	—	—	—	—
Balance at September 30, 2014	342,972	$ 48.11	9,189	$ 59.25	11,943	$ 58.36	139,672	$ 59.80

(1) Value represents the weighted average grant date fair value.

The following table summarizes the activity of the stock appreciations rights ("SARs") and stock options outstanding:

	SARs		Stock Options	
	Shares	Value(1)	Shares	Value(1)
Balance at January 1, 2014	1,070,991	$ 56.66	10,068	$ 59.57
Granted	—	—	—	—
Exercised	(54,082)	56.63	—	—
Forfeited	—	—	—	—
Balance at September 30, 2014	1,016,909	$ 56.66	10,068	$ 59.57

(1) Value represents the weighted average exercise price.

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

18. Income Taxes:

The Company has made Taxable REIT Subsidiary elections for all of its corporate subsidiaries other than its Qualified REIT Subsidiaries. The elections, effective for the year beginning January 1, 2001 and future years, were made pursuant to Section 856(l) of the Code. The Company's Taxable REIT Subsidiaries ("TRSs") are subject to corporate level income taxes which are provided for in the Company's consolidated financial statements. The Company's primary TRSs include Macerich Management Company and Macerich Arizona Partners LLC.

The income tax benefit (provision) of the TRSs are as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2014	2013	2014	2013
Current	$ —	$ (79)	$ —	$ (235)
Deferred	689	622	3,759	2,498
Income tax benefit	$ 689	$ 543	$ 3,759	$ 2,263

The net operating loss carryforwards are currently scheduled to expire through 2033, beginning in 2024. Net deferred tax assets of $35,115 and $31,356 were included in deferred charges and other assets, net, at September 30, 2014 and December 31, 2013, respectively.

The tax years 2010 through 2014 remain open to examination by the taxing jurisdictions to which the Company is subject. The Company does not expect that the total amount of unrecognized tax benefit will materially change within the next twelve months.

19. Subsequent Events:

On October 23, 2014, the Company announced a dividend/distribution of $0.65 per share for common stockholders and OP Unit holders of record on November 12, 2014. All dividends/distributions will be paid 100% in cash on December 5, 2014.

On October 31, 2014, the Company sold South Towne Center, a 1,278,000 square foot regional shopping center in Sandy, Utah, for $205,000. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

IMPORTANT INFORMATION RELATED TO FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q of The Macerich Company (the "Company") contains or incorporates statements that constitute forward-looking statements within the meaning of the federal securities laws. Any statements that do not relate to historical or current facts or matters are forward-looking statements. You can identify some of the forward-looking statements by the use of forward-looking words, such as "may," "will," "could," "should," "expects," "anticipates," "intends," "projects," "predicts," "plans," "believes," "seeks," "estimates," "scheduled" and variations of these words and similar expressions. Statements concerning current conditions may also be forward-looking if they imply a continuation of current conditions. Forward-looking statements appear in a number of places in this Form 10-Q and include statements regarding, among other matters:

- expectations regarding the Company's growth;
- the Company's beliefs regarding its acquisition, redevelopment, development, leasing and operational activities and opportunities, including the performance of its retailers;
- the Company's acquisition, disposition and other strategies;
- regulatory matters pertaining to compliance with governmental regulations;
- the Company's capital expenditure plans and expectations for obtaining capital for expenditures;
- the Company's expectations regarding income tax benefits;
- the Company's expectations regarding its financial condition or results of operations; and
- the Company's expectations for refinancing its indebtedness, entering into and servicing debt obligations and entering into joint venture arrangements.

Stockholders are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company or the industry to differ materially from the Company's future results, performance or achievements, or those of the industry, expressed or implied in such forward-looking statements. Such factors include, among others, general industry, as well as national, regional and local economic and business conditions, which will, among other things, affect demand for retail space or retail goods, availability and creditworthiness of current and prospective tenants, anchor or tenant bankruptcies, closures, mergers or consolidations, lease rates, terms and payments, interest rate fluctuations, availability, terms and cost of financing and operating expenses; adverse changes in the real estate markets including, among other things, competition from other companies, retail formats and technology, risks of real estate development and redevelopment, acquisitions and dispositions; the liquidity of real estate investments, governmental actions and initiatives (including legislative and regulatory changes); environmental and safety requirements; and terrorist activities or other acts of violence which could adversely affect all of the above factors. You are urged to carefully review the disclosures we make concerning these risks and other factors that may affect our business and operating results, under "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2013, as well as our other reports filed with the Securities and Exchange Commission (the "SEC"), which disclosures are incorporated herein by reference. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document. The Company does not intend, and undertakes no obligation, to update any forward-looking information to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events, unless required by law to do so.

Management's Overview and Summary

The Company is involved in the acquisition, ownership, development, redevelopment, management and leasing of regional and community/power shopping centers located throughout the United States. The Company is the sole general partner of, and owns a majority of the ownership interests in, The Macerich Partnership, L.P. (the "Operating Partnership"). As of September 30, 2014, the Operating Partnership owned or had an ownership interest in 53 regional shopping centers and nine community/power shopping centers aggregating approximately 57 million square feet of gross leasable area. These 62 regional and community/power shopping centers are referred to hereinafter as the "Centers," unless the context otherwise requires. The Company is a self-administered and self-managed real estate investment trust ("REIT") and conducts all of its operations through the Operating Partnership and the Management Companies.

The following discussion is based primarily on the consolidated financial statements of the Company for the three and nine months ended September 30, 2014 and 2013. It compares the results of operations for the three months ended September 30, 2014 to the results of operations for the three months ended September 30, 2013. It also compares the results of operations and cash flows for the nine months ended September 30, 2014 to the results of operations and cash flows for the nine months ended September 30, 2013. This information should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

Acquisitions and Dispositions:

On January 24, 2013, the Company acquired Green Acres Mall, a 1,791,000 square foot regional shopping center in Valley Stream, New York, for a purchase price of $500.0 million. The purchase price was funded from the placement of a $325.0 million mortgage note on the property and $175.0 million from borrowings under the Company's line of credit.

On April 25, 2013, the Company acquired a 19 acre parcel of land adjacent to Green Acres Mall for $22.6 million. The payment was provided by borrowings from the Company's line of credit.

On May 29, 2013, the Company's joint venture in Pacific Premier Retail LP sold Redmond Town Center Office, a 582,000 square foot office building in Redmond, Washington, for $185.0 million, resulting in a gain on the sale of assets of $89.2 million to the joint venture. The Company's share of the gain was $44.4 million. The Company used its share of the proceeds to pay down its line of credit and for general corporate purposes.

On May 31, 2013, the Company sold Green Tree Mall, a 793,000 square foot regional shopping center in Clarksville, Indiana, for $79.0 million, resulting in a gain on the sale of assets of $59.8 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On June 4, 2013, the Company sold Northridge Mall, an 890,000 square foot regional shopping center in Salinas, California, and Rimrock Mall, a 603,000 square foot regional shopping center in Billings, Montana. The properties were sold in a combined transaction for $230.0 million, resulting in a gain on the sale of assets of $82.2 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On June 12, 2013, the Company's joint venture in Pacific Premier Retail LP sold Kitsap Mall, an 846,000 square foot regional shopping center in Silverdale, Washington, for $127.0 million, resulting in a gain on the sale of assets of $55.2 million to the joint venture. The Company's share of the gain was $28.1 million. The Company used its share of the proceeds to pay down its line of credit and for general corporate purposes.

On August 1, 2013, the Company's joint venture in Pacific Premier Retail LP sold Redmond Town Center, a 695,000 square foot community center in Redmond, Washington, for $127.0 million, resulting in a gain on the sale of assets of approximately $38.4 million to the joint venture. The Company's share of the gain was $18.3 million. The Company used its share of the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On September 11, 2013, the Company sold a former Mervyn's store in Milpitas, California for $12.0 million, resulting in a loss on the sale of assets of $2.6 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On September 17, 2013, the Company’s joint venture in Camelback Colonnade, a 619,000 square foot community center in Phoenix, Arizona, was restructured. As a result of the restructuring, the Company’s ownership interest in Camelback Colonnade decreased from 73.2% to 67.5%. Prior to the restructuring, the Company had accounted for its investment in Camelback Colonnade under the equity method of accounting due to substantive participation rights held by the outside partners. Upon completion of the restructuring, these substantive participation rights were terminated and the Company obtained voting control of the joint venture. This transaction is referred to as the "Camelback Colonnade Restructuring." Since the date of the restructuring, the Company has included Camelback Colonnade in its consolidated financial statements.

On October 8, 2013, the Company's joint venture in Ridgmar Mall, a 1,273,000 square foot regional shopping center in Fort Worth, Texas, sold the property for $60.9 million, resulting in a gain on the sale of assets of $6.2 million to the joint venture. The Company's share of the gain was $3.1 million. The cash proceeds from the sale were used to pay off the $51.7 million mortgage loan on the property and the remaining $9.2 million, net of closing costs, was distributed to the partners. The Company used its share of the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On October 15, 2013, the Company sold a former Mervyn's store in Midland, Texas for $5.7 million, resulting in a loss on the sale of assets of $2.0 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On October 23, 2013, the Company sold a former Mervyn's store in Grand Junction, Colorado for $5.4 million, resulting in a gain on the sale of assets of $1.7 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On October 24, 2013, the Company acquired the remaining 33.3% ownership interest in Superstition Springs Center, a 1,082,000 square foot regional shopping center in Mesa, Arizona, that it did not own for $46.2 million. The purchase price was funded by a cash payment of $23.7 million and the assumption of the third party's pro rata share of the mortgage note payable on the property of $22.5 million.

On December 4, 2013, the Company sold a former Mervyn's store in Livermore, California for $10.5 million, resulting in a loss on the sale of assets of $5.3 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On December 11, 2013, the Company sold Chesterfield Towne Center, a 1,016,000 square foot regional shopping center in Richmond, Virginia, and Centre at Salisbury, an 862,000 square foot regional shopping center in Salisbury, Maryland. The properties were sold in a combined transaction for $292.5 million, resulting in a gain on the sale of assets of $151.5 million. The sales price was funded by a cash payment of $67.8 million, the assumption of the $109.7 million mortgage note payable on Chesterfield Towne Center and the assumption of the $115.0 million mortgage note payable on Centre at Salisbury. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes.

On January 15, 2014, the Company sold Rotterdam Square, a 585,000 square foot regional shopping center in Schenectady, New York, for $8.5 million, resulting in a loss on the sale of assets of $0.4 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On February 14, 2014, the Company sold Somersville Towne Center, a 348,000 square foot regional shopping center in Antioch, California, for $12.3 million, resulting in a loss on the sale of assets of $0.3 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On March 17, 2014, the Company sold Lake Square Mall, a 559,000 square foot regional shopping center in Leesburg, Florida, for $13.3 million, resulting in a loss on the sale of assets of $0.8 million. The sales price was funded by a cash payment of $3.7 million and the issuance of two notes receivable totaling $9.6 million. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes.

On June 4, 2014, the Company acquired the remaining 49.0% ownership interest in Cascade Mall, a 593,000 square foot regional shopping center in Burlington, Washington, that it did not own for a cash payment of $15.2 million. The Company purchased Cascade Mall from its joint venture in Pacific Premier Retail LP.

On July 7, 2014, the Company sold a former Mervyn's store in El Paso, Texas for $3.6 million, resulting in a loss on the sale of assets of $0.2 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On July 30, 2014, the Company formed a joint venture with Pennsylvania Real Estate Investment Trust to redevelop The Gallery, a 1,405,000 square foot regional shopping center in Philadelphia, Pennsylvania. The Company invested $106.8 million for a 50% interest in the joint venture, which was funded by borrowings under its line of credit.

On August 28, 2014, the Company sold a former Mervyn's store in Thousand Oaks, California for $3.5 million, resulting in a loss on the sale of assets of $0.1 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On August 28, 2014, the Company sold its 30% ownership interest in Wilshire Boulevard, a 40,000 square foot freestanding store in Santa Monica, California, for a total sales price of $17.1 million, resulting in a gain on the sale of assets of $9.0 million. The sales price was funded by a cash payment of $15.4 million and the assumption of the Company's share of the mortgage note payable on the property of $1.7 million. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes.

On September 11, 2014, the Company sold a leasehold interest in a former Mervyn's store in Laredo, Texas for $1.2 million, resulting in a gain on the sale of assets of $0.4 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

Other Transactions and Events:

On September 30, 2013, the Company conveyed Fiesta Mall, a 933,000 square foot regional shopping center in Mesa, Arizona, to the mortgage note lender by a deed-in-lieu of foreclosure. The mortgage loan was non-recourse. As a result of the conveyance, the Company recognized a gain on the extinguishment of debt of $1.4 million.

Redevelopment and Development Activities:

The Company's joint venture in Tysons Corner Center, a 2,129,000 square foot regional shopping center in McLean, Virginia, is currently expanding the property to include a 527,000 square foot office tower, a 430 unit residential tower and a 300 room Hyatt Regency hotel. The joint venture started the expansion project in October 2011. The office tower commenced occupancy in July 2014. The joint venture expects the balance of the project to be completed in early 2015. The total cost of the project is estimated to be $524.0 million, with $262.0 million estimated to be the Company's pro rata share. The Company has funded $222.0 million of the total of $444.1 million incurred by the joint venture as of September 30, 2014.

In November 2013, the Company started construction on the 175,000 square foot expansion of Fashion Outlets of Niagara Falls USA, a 517,000 square foot outlet center in Niagara Falls, New York. The Company completed the project in October 2014. The total estimated project cost is $84.0 million. As of September 30, 2014, the Company had incurred $68.5 million of development costs.

In February 2014, the Company's joint venture in Broadway Plaza started construction on the 235,000 square foot expansion of the 776,000 square foot regional shopping center in Walnut Creek, California. The joint venture expects to complete the project in phases with the first phase anticipated to be completed in fall 2015. The total cost of the project is estimated to be $270.0 million, with $135.0 million estimated to be the Company's pro rata share. The Company has funded $32.2 million of the total of $64.4 million incurred by the joint venture as of September 30, 2014.

Inflation:

In the last five years, inflation has not had a significant impact on the Company because of a relatively low inflation rate. Most of the leases at the Centers have rent adjustments periodically throughout the lease term. These rent increases are either in fixed increments or based on using an annual multiple of increases in the Consumer Price Index ("CPI"). In addition, approximately 6% to 13% of the leases for spaces 10,000 square feet and under expire each year, which enables the Company to replace existing leases with new leases at higher base rents if the rents of the existing leases are below the then existing market rate. The Company has generally entered into leases that require tenants to pay a stated amount for operating expenses, generally excluding property taxes, regardless of the expenses actually incurred at any Center, which places the burden of cost control on the Company. Additionally, certain leases require the tenants to pay their pro rata share of operating expenses.

Seasonality:

The shopping center industry is seasonal in nature, particularly in the fourth quarter during the holiday season when retailer occupancy and retail sales are typically at their highest levels. In addition, shopping malls achieve a substantial portion of their specialty (temporary retailer) rents during the holiday season and the majority of percentage rent is recognized in the fourth quarter. As a result of the above, earnings are generally higher in the fourth quarter.

Critical Accounting Policies

The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Some of these estimates and assumptions include judgments on revenue recognition, estimates for common area maintenance and real estate tax accruals, provisions for uncollectible accounts, impairment of long-lived assets, the allocation of purchase price between tangible and intangible assets, and estimates for environmental matters. The Company's significant accounting policies are described in more detail in Note 2—Summary of Significant Accounting Policies in the Company's Notes to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K. However, the following policies are deemed to be critical. There have been no significant changes to the Company's critical accounting policies during the nine months ended September 30, 2014.

Revenue Recognition:

Minimum rental revenues are recognized on a straight-line basis over the term of the related lease. The difference between the amount of rent due in a year and the amount recorded as rental income is referred to as the "straight line rent adjustment." Currently, 68% of the mall store and freestanding store leases contain provisions for CPI rent increases periodically throughout the term of the lease. The Company believes that using an annual multiple of CPI increases, rather than fixed contractual rent increases, results in revenue recognition that more closely matches the cash revenue from each lease and will provide more consistent rent growth throughout the term of the leases. Percentage rents are recognized when the tenants' specified sales targets have been met. Estimated recoveries from certain tenants for their pro rata share of real estate taxes, insurance and other shopping center operating expenses are recognized as revenues in the period the applicable expenses are incurred. Other tenants pay a fixed rate and these tenant recoveries are recognized as revenues on a straight-line basis over the term of the related leases.

Property:

Maintenance and repair expenses are charged to operations as incurred. Costs for major replacements and betterments, which includes HVAC equipment, roofs, parking lots and other similar items, are capitalized and depreciated over their estimated useful lives. Gains and losses are recognized upon disposal or retirement of the related assets and are reflected in earnings.

Property is recorded at cost and is depreciated using a straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	5 - 40 years
Tenant improvements	5 - 7 years
Equipment and furnishings	5 - 7 years

Capitalization of Costs:

The Company capitalizes costs incurred in redevelopment, development, renovation and improvement of properties. The capitalized costs include pre-construction costs essential to the development of the property, development costs, construction costs, interest costs, real estate taxes, salaries and related costs and other costs incurred during the period of development. These capitalized costs include direct and certain indirect costs clearly associated with the project. Indirect costs include real estate taxes, insurance and certain shared administrative costs. In assessing the amounts of direct and indirect costs to be capitalized, allocations are made to projects based on estimates of the actual amount of time spent on each activity. Indirect costs not clearly associated with specific projects are expensed as period costs. Capitalized indirect costs are allocated to development and redevelopment activities based on the square footage of the portion of the building not held available for immediate occupancy. If costs and activities incurred to ready the vacant space cease, then cost capitalization is also discontinued until such activities are resumed. Once work has been completed on a vacant space, project costs are no longer capitalized. For projects with extended lease-up periods, the Company ends the capitalization when significant activities have ceased, which does not exceed the shorter of a one-year period after the completion of the building shell or when the construction is substantially complete.

Acquisitions:

The Company allocates the estimated fair value of an acquisition to land, building, tenant improvements and identified intangible assets and liabilities, based on their estimated fair values. In addition, any assumed mortgage notes payable are recorded at their estimated fair values. The estimated fair value of the land and buildings is determined utilizing an “as if vacant” methodology. Tenant improvements represent the tangible assets associated with the existing leases valued on a fair value basis at the acquisition date prorated over the remaining lease terms. The tenant improvements are classified as an asset under property and are depreciated over the remaining lease terms. Identifiable intangible assets and liabilities relate to the value of in-place operating leases which come in three forms: (i) leasing commissions and legal costs, which represent the value associated with “cost avoidance” of acquiring in-place leases, such as lease commissions paid under terms generally experienced in the Company's markets; (ii) value of in-place leases, which represents the estimated loss of revenue and of costs incurred for the period required to lease the “assumed vacant” property to the occupancy level when purchased; and (iii) above or below-market value of in-place leases, which represents the difference between the contractual rents and market rents at the time of the acquisition, discounted for tenant credit risks. Leasing commissions and legal costs are recorded in deferred charges and other assets and are amortized over the remaining lease terms. The value of in-place leases are recorded in deferred charges and other assets and amortized over the remaining lease terms plus an estimate of renewal of the acquired leases. Above or below-market leases are classified in deferred charges and other assets or in other accrued liabilities, depending on whether the contractual terms are above or below market, and the asset or liability is amortized to minimum rents over the remaining terms of the leases. The remaining lease terms of below-market leases may include certain below-market fixed-rate renewal periods. In considering whether or not a lessee will execute a below-market fixed-rate lease renewal option, the Company evaluates economic factors and certain qualitative factors at the time of acquisition such as tenant mix in the Center, the Company's relationship with the tenant and the availability of competing tenant space.

The Company immediately expenses costs associated with business combinations as period costs.

Asset Impairment:

The Company assesses whether an indicator of impairment in the value of its properties exists by considering expected future operating income, trends and prospects, as well as the effects of demand, competition and other economic factors. Such factors include projected rental revenue, operating costs and capital expenditures as well as estimated holding periods and capitalization rates. If an impairment indicator exists, the determination of recoverability is made based upon the estimated undiscounted future net cash flows, excluding interest expense. The amount of impairment loss, if any, is determined by comparing the fair value, as determined by a discounted cash flows analysis, with the carrying value of the related assets. The Company generally holds and operates its properties long-term, which decreases the likelihood of their carrying values not being recoverable. Properties classified as held for sale are measured at the lower of the carrying amount or fair value less cost to sell.

The Company reviews its investments in unconsolidated joint ventures for a series of operating losses and other factors that may indicate that a decrease in the value of its investments has occurred which is other-than-temporary. The investment in each unconsolidated joint venture is evaluated periodically, and as deemed necessary, for recoverability and valuation declines that are other-than-temporary.

Fair Value of Financial Instruments:

The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity and the reporting entity's own assumptions about market participant assumptions.

Level 1 inputs utilize quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

The Company calculates the fair value of financial instruments and includes this additional information in the notes to consolidated financial statements when the fair value is different than the carrying value of those financial instruments. When the fair value reasonably approximates the carrying value, no additional disclosure is made.

Deferred Charges:

Costs relating to obtaining tenant leases are deferred and amortized over the initial term of the agreement using the straight-line method. As these deferred leasing costs represent productive assets incurred in connection with the Company's provision of leasing arrangements at the Centers, the related cash flows are classified as investing activities within the Company's consolidated statements of cash flows. Costs relating to financing of shopping center properties are deferred and amortized over the life of the related loan using the straight-line method, which approximates the effective interest method. The ranges of the terms of the agreements are as follows:

Deferred lease costs	1 - 15 years
Deferred financing costs	1 - 15 years

Results of Operations

Many of the variations in the results of operations, discussed below, occurred because of the transactions affecting the Company's properties described above, including the Acquisition Properties, the Redevelopment Properties and the Disposition Properties (as defined below).

For purposes of the discussion below, the Company defines "Same Centers" as those Centers that are substantially complete and in operation for the entirety of both periods of the comparison. Non-Same Centers for comparison purposes include recently acquired properties (“Acquisition Properties”), those Centers or properties that are going through a substantial redevelopment often resulting in the closing of a portion of the Center (“Redevelopment Properties”) and properties that have been disposed of in 2014 ("Disposition Properties"). The Company moves a Center in and out of Same Centers based on whether the Center is substantially complete and in operation for the entirety of both periods of the comparison. Accordingly, the Same Centers consists of all consolidated Centers, excluding the Acquisition Properties, the Redevelopment Properties and the Disposition Properties for the periods of comparison.

For comparison of the three months ended September 30, 2014 to the three months ended September 30, 2013, the Acquisition Properties include Camelback Colonnade, Superstition Springs Center and Cascade Mall. For comparison of the nine months ended September 30, 2014 to the nine months ended September 30, 2013, the Acquisition Properties include Green Acres Mall, Green Acres Adjacent, Camelback Colonnade, Superstition Springs Center and Cascade Mall.

For comparison of the three and nine months ended September 30, 2014 to the three and nine months ended September 30, 2013, the Redevelopment Properties include Fashion Outlets of Chicago, Paradise Valley Mall, SouthPark Mall and Fashion Outlets of Niagara Falls USA. The increase in revenues and expenses at the Redevelopment Properties for the comparison of the three and nine months ended September 30, 2014 to the three and nine months ended September 30, 2013 is primarily due to the opening of Fashion Outlets of Chicago on August 1, 2013.

On April 10, 2014, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2014-08, which amended the definition of discontinued operations and requires additional disclosures for disposal transactions that do not meet the revised discontinued operations criteria. The Company adopted this pronouncement on January 1, 2014. As a result, the Disposition Properties during the three and nine months ended September 30, 2014 have been included in the results of continuing operations instead of discontinued operations. For comparison of the three and nine months ended September 30, 2014 to the three and nine months ended September 30, 2013, the Disposition Properties include Rotterdam Square, Somersville Towne Center and Lake Square Mall. Properties disposed of prior to January 1, 2014 have been included in discontinued operations.

Unconsolidated joint ventures are reflected using the equity method of accounting. The Company's pro rata share of the results from these Centers is reflected in the Consolidated Statements of Operations as equity in income of unconsolidated joint ventures.

The Company considers tenant annual sales per square foot (for tenants in place for a minimum of 12 months or longer and 10,000 square feet and under) for regional shopping centers, occupancy rates (excluding large retail stores or "Anchors") for the Centers and releasing spreads (i.e. a comparison of initial average base rent per square foot on leases executed during the trailing twelve months to average base rent per square foot at expiration for the leases expiring during the year based on the spaces 10,000 square feet and under) to be key performance indicators of the Company's internal growth.

Tenant sales per square foot increased from $549 for the twelve months ended September 30, 2013 to $571 for the twelve months ended September 30, 2014. Occupancy rate increased from 93.7% at September 30, 2013 to 95.6% at September 30, 2014. Releasing spreads increased 20.5% for the twelve months ended September 30, 2014. These calculations exclude Centers under development or redevelopment and property dispositions (See "Acquisitions and Dispositions" in Management's Overview and Summary).

Releasing spreads remained positive as the Company was able to lease available space at average higher rents than the expiring rental rates, resulting in a releasing spread of $8.99 per square foot ($52.79 on new and renewal leases executed compared to $43.80 on leases expiring), representing a 20.5% increase for the trailing twelve months ended September 30, 2014. The Company expects that releasing spreads will continue to be positive for the remainder of 2014 as it renews or relets leases that are scheduled to expire. These leases that are scheduled to expire represent 1.1 million square feet of the Centers, accounting for 12.3% of the gross leasable area ("GLA") of mall stores and freestanding stores, for spaces 10,000 square feet and under, as of September 30, 2014.

During the trailing twelve months ended September 30, 2014, the Company signed 298 new leases and 302 renewal leases comprising approximately 1.1 million square feet of GLA, of which 0.9 million square feet related to the consolidated Centers. The annual initial average base rent for new and renewal leases was $52.79 per square foot for the trailing twelve months ended September 30, 2014 with an average tenant allowance of $17.02 per square foot.

Comparison of Three Months Ended September 30, 2014 and 2013

Revenues:

Minimum and percentage rents (collectively referred to as "rental revenue") increased by $5.1 million, or 3.4%, from 2013 to 2014. The increase in rental revenue is attributed to an increase of $5.3 million from the Acquisition Properties, $1.7 million from the Redevelopment Properties and $0.5 million from the Same Centers offset in part by a decrease of $2.4 million from the Disposition Properties. Rental revenue includes the amortization of above and below-market leases, the amortization of straight-line rents and lease termination income. The amortization of above and below-market leases increased from $1.7 million in 2013 to $3.0 million in 2014. The amortization of straight-line rents decreased from $2.2 million in 2013 to $1.3 million in 2014. Lease termination income increased from $1.0 million in 2013 to $1.6 million in 2014.

Tenant recoveries increased $2.8 million, or 3.3%, from 2013 to 2014. This increase in tenant recoveries is attributed to an increase of $3.0 million from the Acquisition Properties, $0.7 million from the Same Centers and $0.5 million from the Redevelopment Properties offset in part by a decrease of $1.4 million from the Disposition Properties.

Management Companies' revenue decreased from $10.7 million in 2013 to $8.4 million in 2014. The decrease in Management Companies' revenue is primarily due to a reduction in management and leasing fees as a result of the sales of Redmond Town Center Office, Kitsap Mall, Redmond Town Center and Ridgmar Mall in 2013 and the conversion of Camelback Colonnade and Superstition Springs Center from joint ventures to consolidated Centers in 2013 (See "Acquisitions and Dispositions" in Management's Overview and Summary).

Shopping Center and Operating Expenses:

Shopping center and operating expenses increased $2.0 million, or 2.4%, from 2013 to 2014. This increase in shopping center and operating expenses is attributed to an increase of $3.2 million from the Acquisition Properties and $1.2 million from the Redevelopment Properties offset in part by a decrease of $2.2 million from the Disposition Properties and $0.2 million from the Same Centers.

Management Companies' Operating Expenses:

Management Companies' operating expenses decreased $1.5 million from 2013 to 2014 primarily due to a decrease in compensation costs.

REIT General and Administrative Expenses:

REIT general and administrative expenses decreased by $0.6 million from 2013 to 2014.

Depreciation and Amortization:

Depreciation and amortization increased $1.3 million from 2013 to 2014. The increase in depreciation and amortization is primarily attributed to an increase of $3.5 million from the Acquisition Properties and $0.9 million from the Redevelopment Properties offset in part by a decrease of $1.8 million from the Same Centers and $1.3 million from the Disposition Properties.

Interest Expense:

Interest expense decreased $1.8 million from 2013 to 2014. The decrease in interest expense was primarily attributed to a decrease of $3.2 million from the Same Centers, $0.5 million from borrowings under the Company's line of credit and $0.1 million from term loans offset in part by an increase of $1.5 million from the Redevelopment Properties and $0.5 million from the Acquisition Properties.

The above interest expense items are net of capitalized interest, which increased from $2.9 million in 2013 to $3.9 million in 2014.

Equity in Income of Unconsolidated Joint Ventures:

Equity in income of unconsolidated joint ventures decreased $18.2 million from 2013 to 2014. The decrease is primarily attributed to the gain on the sale of Redmond Town Center in 2013 (See "Acquisitions and Dispositions" in Management's Overview and Summary).

Gain on Remeasurement, Sale or Write Down of Assets, net:

Gain on remeasurement, sale or write down of assets, net increased $1.3 million from 2013 to 2014. The increase is primarily due to the decrease in impairment losses of $27.7 million and the gain of $9.0 million on the sale of Wilshire Boulevard in 2014 (See "Acquisitions and Dispositions" in Management's Overview and Summary) offset in part by the remeasurement gain of $36.3 million on Camelback Colonnade in 2013 (See "Acquisitions and Dispositions" in Management's Overview and Summary).

Total Loss From Discontinued Operations:

Total loss from discontinued operations of $8.8 million in 2013 was primarily due to the loss of $9.1 million from the disposition of three former Mervyn's stores offset in part by a gain of $1.4 million on the disposal of Fiesta Mall (See

"Acquisitions and Dispositions" in Management's Overview and Summary). Due to the adoption of ASU 2014-08 on January 1, 2014, there is no income from discontinued operations in 2014.

Net Income:

Net income decreased $2.1 million from 2013 to 2014 primarily as a result of the items discussed above.

Funds From Operations ("FFO"):

Primarily as a result of the factors mentioned above, FFO—diluted increased 2.3% from $129.6 million in 2013 to $132.5 million in 2014. For a reconciliation of FFO and FFO—diluted to net income attributable to the Company, the most directly comparable GAAP financial measure, see "Funds From Operations ("FFO")" below.

Comparison of Nine Months Ended September 30, 2014 and 2013

Revenues:

Rental revenue increased by $27.4 million, or 6.3%, from 2013 to 2014. The increase in rental revenue is attributed to an increase of $18.0 million from the Acquisition Properties, $12.3 million from the Redevelopment Properties and $2.8 million from the Same Centers offset in part by a decrease of $5.7 million from the Disposition Properties. The amortization of above and below-market leases increased from $4.6 million in 2013 to $5.7 million in 2014. The amortization of straight-line rents decreased from $5.8 million in 2013 to $4.4 million in 2014. Lease termination income increased from $0.2 million in 2013 to $3.5 million in 2014.

Tenant recoveries increased $17.1 million, or 6.9%, from 2013 to 2014. This increase in tenant recoveries is attributed to an increase of $10.5 million from the Acquisition Properties, $7.2 million from the Redevelopment Properties and $2.4 million from the Same Centers offset in part by a decrease of $3.0 million from the Disposition Properties.

Management Companies' revenue decreased from $31.2 million in 2013 to $25.2 million in 2014. The decrease in Management Companies' revenue is primarily due to a reduction in management fees as a result of the sales of Redmond Town Center Office, Kitsap Mall, Redmond Town Center and Ridgmar Mall in 2013 and the conversion of Camelback Colonnade and Superstition Springs Center from joint ventures to consolidated Centers in 2013 (See "Acquisitions and Dispositions" in Management's Overview and Summary).

Shopping Center and Operating Expenses:

Shopping center and operating expenses increased $16.9 million, or 7.0%, from 2013 to 2014. The increase in shopping center and operating expenses is attributed to an increase of $11.0 million from the Acquisition Properties, $10.8 million from the Redevelopment Properties and $0.6 million from the Same Centers offset in part by a decrease of $5.5 million from the Disposition Properties.

Management Companies' Operating Expenses:

Management Companies' operating expenses decreased $3.8 million from 2013 to 2014 due to a decrease in compensation costs.

REIT General and Administrative Expenses:

REIT general and administrative expenses decreased by $1.3 million from 2013 to 2014.

Depreciation and Amortization:

Depreciation and amortization increased $2.2 million from 2013 to 2014. The increase in depreciation and amortization is primarily attributed to an increase of $10.3 million from the Acquisition Properties and $5.6 million from the Redevelopment Properties offset in part by a decrease of $10.3 million from the Same Centers and $3.4 million from the Disposition Properties.

Interest Expense:

Interest expense decreased $9.7 million from 2013 to 2014. The decrease in interest expense was primarily attributed to a decrease of $7.1 million from borrowings under the Company's line of credit, $6.1 million from the Same Centers and $0.3 from term loans. These decreases were offset in part by an increase of $2.3 million from the Acquisition Properties and $1.5 million from the Redevelopment Properties.

The above interest expense items are net of capitalized interest, which increased from $8.2 million in 2013 to $9.5 million in 2014.

Equity in Income of Unconsolidated Joint Ventures:

Equity in income of unconsolidated joint ventures decreased $100.9 million from 2013 to 2014. The decrease is primarily attributed to the gains on the sales of Redmond Town Center Office, Kitsap Mall and Redmond Town Center in 2013 (See "Acquisitions and Dispositions" in Management's Overview and Summary).

(Loss) Gain on Remeasurement, Sale or Write Down of Assets, net:

The loss on remeasurement, sale or write down of assets, net, increased $13.8 million from 2013 to 2014. The increase in loss on remeasurement, sale or write down of assets, net, is primarily attributed to the remeasurement gain of $36.3 million on Camelback Colonnade in 2013 (See "Acquisitions and Dispositions" in Management's Overview and Summary) offset in part by a decrease in impairment loss of $19.2 million.

Total Income From Discontinued Operations:

Total income from discontinued operations of $137.1 million in 2013 was primarily due to the gains on sales in 2013 of Green Tree Mall of $59.8 million and Northridge Mall and Rimrock Mall of $82.2 million (See "Acquisitions and Dispositions" in Management's Overview and Summary). Due to the adoption of ASU 2014-08 on January 1, 2014, there is no income from discontinued operations in 2014.

Net Income:

Net income decreased $221.8 million from 2013 to 2014. The decrease is primarily attributed to the decrease in total income from discontinued operations of $137.1 million and the decrease in equity in income of unconsolidated joint ventures of $100.9 million.

Funds From Operations ("FFO"):

Primarily as a result of the factors mentioned above, FFO—diluted decreased 0.8% from $387.0 million in 2013 to $383.9 million in 2014. For a reconciliation of FFO and FFO—diluted to net income attributable to the Company, the most directly comparable GAAP financial measure, see "Funds From Operations ("FFO")" below.

Operating Activities:

Cash provided by operating activities decreased from $328.9 million in 2013 to $296.9 million in 2014. The decrease was primarily due to changes in assets and liabilities and the results as discussed above.

Investing Activities:

Cash used in investing activities increased $576.9 million from 2013 to 2014. The increase in cash used in investing activities was primarily due to a decrease in distributions from unconsolidated joint ventures of $541.0 million, a decrease in cash proceeds from the sale of assets of $275.7 million and an increase in contributions to unconsolidated joint ventures of $191.2 million. These increases in cash used in investing activities were offset in part by a decrease in cash used in the acquisitions of property of $477.3 million. The decrease in distributions from unconsolidated joint ventures is primarily due to the distribution of refinance proceeds from Tysons Corner Center in 2013. The decrease in the acquisitions of property is primarily due to the purchase of Green Acres Mall in 2013 (See "Acquisitions and Dispositions" in Management's Overview and Summary).

Financing Activities:

Cash provided by financing activities increased $601.3 million from 2013 to 2014. The increase in cash provided by financing activities was primarily due to a decrease in payments on mortgages, bank and other notes payable of $2.5 billion offset in part by a decrease in proceeds from mortgages, bank and other notes payable of $1.7 billion, a decrease in proceeds from stock offerings of $171.1 million and an increase in dividends and distributions of $25.1 million.

Liquidity and Capital Resources

The Company anticipates meeting its liquidity needs for its operating expenses, debt service and dividend requirements for the next twelve months through cash generated from operations, working capital reserves and/or borrowings under its unsecured line of credit. The following tables summarize capital expenditures incurred at the Centers:

(Dollars in thousands)	For the Nine Months Ended September 30, 2014	2013
Consolidated Centers:		
Acquisitions of property and equipment	$ 63,516	$ 545,149
Development, redevelopment, expansion and renovation of Centers	127,573	140,289
Tenant allowances	12,845	17,880
Deferred leasing charges	18,076	18,812
	$ 222,010	$ 722,130
Joint Venture Centers (at Company's pro rata share):		
Acquisitions of property and equipment	$ 109,030	$ 3,457
Development, redevelopment, expansion and renovation of Centers	161,701	75,198
Tenant allowances	3,331	7,003
Deferred leasing charges	2,405	2,897
	$ 276,467	$ 88,555

The Company expects amounts to be incurred during the next twelve months for tenant allowances and deferred leasing charges to be comparable or less than 2013 and that capital for those expenditures will be available from working capital, cash flow from operations, borrowings on property specific debt or unsecured corporate borrowings. The Company expects to incur between $300 million and $400 million during the next twelve months for development, redevelopment, expansion and renovations. Capital for these major expenditures, developments and/or redevelopments has been, and is expected to continue to be, obtained from a combination of debt or equity financings, which are expected to include borrowings under the Company's line of credit and construction loans. The Company has also generated liquidity in the past through equity offerings, property refinancings, joint venture transactions and the sale of non-core assets. The Company recently sold certain non-core assets and may sell additional non-core assets during the remainder of 2014, depending on market conditions. Furthermore, the Company has filed a shelf registration statement which registered an unspecified amount of common stock, preferred stock, depositary shares, debt securities, warrants, rights, stock purchase contracts and units.

The capital and credit markets can fluctuate and, at times, limit access to debt and equity financing for companies. As demonstrated by the Company's activity in 2013, including through its $500 million 2012 ATM Program as discussed below and its $1.5 billion line of credit, the Company has been able to access capital; however, there is no assurance the Company will be able to do so in future periods or on similar terms and conditions. Many factors impact the Company's ability to access capital, such as its overall debt level, interest rates, interest coverage ratios and prevailing market conditions. In the event that the Company has significant tenant defaults as a result of the overall economy and general market conditions, the Company could have a decrease in cash flow from operations, which could result in increased borrowings under its line of credit. These events could result in an increase in the Company's proportion of floating rate debt, which would cause it to be subject to interest rate fluctuations in the future.

The Company had an equity distribution agreement ("2012 Distribution Agreement") with a number of sales agents (the "2012 ATM Program") to issue and sell, from time to time, shares of common stock, par value $0.01 per share, having an aggregate offering price of up to $500 million (the “2012 ATM Shares”). Sales of the 2012 ATM Shares could have been made in privately negotiated transactions and/or any other method permitted by law, including sales deemed to be an “at the market” offering, which includes sales made directly on the New York Stock Exchange or sales made to or through a market maker other than on an exchange. During the year ended December 31, 2013, the Company sold 2,456,956 shares of common stock under the 2012 ATM Program in exchange for aggregate gross proceeds of $173.0 million and net proceeds of $171.1 million after commissions and other transaction costs. The proceeds from the sales were used to pay down the Company's line of credit.

On August 20, 2014, the Company filed an automatic shelf registration statement on Form S-3 (No. 333-198260) (the “New Registration Statement”) to replace the existing automatic shelf registration statement on Form S-3 (No. 333-176762) filed with the SEC on September 9, 2011 (the “Prior Registration Statement”), which was scheduled to expire on September 9, 2014. In connection with the filing of the New Registration Statement, the Company also (i) filed a new prospectus supplement relating to the Company’s new $500 million ATM Program (the "2014 ATM Program" and shares of common stock sold under such program, the "Shares"), which replaced the 2012 ATM Program, and (ii) filed three prospectus supplements to continue offerings that were previously covered by prospectus supplements and the accompanying prospectus to the Prior Registration Statement.

The Company did not sell any shares under the ATM Programs during the nine months ended September 30, 2014.

As of September 30, 2014, $500 million of the Shares were available to be sold under the 2014 ATM Program. The unsold 2012 ATM Shares are no longer available for issuance. Actual future sales of the Shares will depend upon a variety of factors including but not limited to market conditions, the trading price of the Company's common stock and the Company's capital needs. The Company has no obligation to sell the Shares under the 2014 ATM Program.

The Company's total outstanding loan indebtedness at September 30, 2014 was $6.3 billion (consisting of $4.9 billion of consolidated debt, less $0.3 billion of noncontrolling interest, plus $1.7 billion of its pro rata share of unconsolidated joint venture debt). The majority of the Company's debt consists of fixed-rate conventional mortgage notes collateralized by individual properties. The Company expects that all of the maturities during the next twelve months will be refinanced, restructured, extended and/or paid off from the Company's line of credit or cash on hand.

The Company has a $1.5 billion revolving line of credit facility that provides for an interest rate of LIBOR plus a spread of 1.38% to 2.0%, depending on the Company's overall leverage levels, and matures on August 6, 2018. Based on the Company's leverage level as of September 30, 2014, the borrowing rate on the facility was LIBOR plus 1.38%. In addition, the line of credit can be expanded, depending on certain conditions, up to a total facility of $2.0 billion. All obligations under the facility are unconditionally guaranteed only by the Company. At September 30, 2014, total borrowings under the line of credit were $410.0 million with an average effective interest rate of 1.81%.

The Company has a $125.0 million unsecured term loan under the Company's line of credit that bears interest at LIBOR plus a spread of 1.95% to 3.20%, depending on the Company's overall leverage levels, and matures on December 8, 2018. Based on the Company's leverage level at September 30, 2014, the borrowing rate was LIBOR plus 1.95%. As of September 30, 2014, the total interest rate was 2.25%.

At September 30, 2014, the Company was in compliance with all applicable loan covenants under its agreements.

At September 30, 2014, the Company had cash and cash equivalents of $58.5 million.

Off-Balance Sheet Arrangements:

The Company accounts for its investments in joint ventures that it does not have a controlling interest in, or is not the primary beneficiary of, using the equity method of accounting and those investments are reflected on the Consolidated Balance Sheets of the Company as "Investments in unconsolidated joint ventures" and "Distributions in excess of investments in unconsolidated joint ventures".

In addition, certain joint ventures also have secured debt that could become recourse debt to the Company or its subsidiaries, in excess of the Company's pro rata share, should the joint ventures be unable to discharge the obligations of the related debt. At September 30, 2014, the balance of the debt that could be recourse to the Company was $33.5 million offset in part by an indemnity agreement from a joint venture partner for $16.8 million. The maturity of the recourse debt, net of the indemnification, is $16.8 million in 2015.

Additionally, as of September 30, 2014, the Company was contingently liable for $18.4 million in letters of credit guaranteeing performance by the Company of certain obligations relating to the Centers. The Company does not believe that these letters of credit will result in a liability to the Company.

Long-term Contractual Obligations:

The following is a schedule of long-term contractual obligations as of September 30, 2014 for the consolidated Centers over the periods in which they are expected to be paid (in thousands):

	Payment Due by Period				
Contractual Obligations	**Total**	**Less than 1 year**	**1 - 3 years**	**3 - 5 years**	**More than five years**
Long-term debt obligations (includes expected interest payments)	$ 5,637,424	$ 354,784	$ 964,486	$ 1,964,999	$ 2,353,155
Operating lease obligations(1)	349,337	14,552	29,141	20,786	284,858
Purchase obligations(1)	39,522	39,522	—	—	—
Other long-term liabilities	313,419	272,770	3,138	3,470	34,041
	$ 6,339,702	$ 681,628	$ 996,765	$ 1,989,255	$ 2,672,054

(1) See Note 15—Commitments and Contingencies in the Company's Notes to Consolidated Financial Statements.

Funds From Operations ("FFO")

The Company uses FFO in addition to net income to report its operating and financial results and considers FFO and FFO-diluted as supplemental measures for the real estate industry and a supplement to Generally Accepted Accounting Principles ("GAAP") measures. The National Association of Real Estate Investment Trusts ("NAREIT") defines FFO as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from extraordinary items and sales of depreciated operating properties, plus real estate related depreciation and amortization, impairment write-downs of real estate and write-downs of investments in an affiliate where the write-downs have been driven by a decrease in the value of real estate held by the affiliate and after adjustments for unconsolidated joint ventures. Adjustments for unconsolidated joint ventures are calculated to reflect FFO on the same basis.

FFO and FFO on a diluted basis are useful to investors in comparing operating and financial results between periods. This is especially true since FFO excludes real estate depreciation and amortization, as the Company believes real estate values fluctuate based on market conditions rather than depreciating in value ratably on a straight-line basis over time. The Company believes that such a presentation also provides investors with a more meaningful measure of its operating results in comparison to the operating results of other REITs. The Company further believes that FFO on a diluted basis is a measure investors find most useful in measuring the dilutive impact of outstanding convertible securities.

The Company believes that FFO does not represent cash flow from operations as defined by GAAP, should not be considered as an alternative to net income as defined by GAAP, and is not indicative of cash available to fund all cash flow needs. The Company also cautions that FFO, as presented, may not be comparable to similarly titled measures reported by other REITs.

Management compensates for the limitations of FFO by providing investors with financial statements prepared according to GAAP, along with this detailed discussion of FFO and a reconciliation of FFO and FFO-diluted to net income. Management believes that to further understand the Company's performance, FFO should be compared with the Company's reported net income and considered in addition to cash flows in accordance with GAAP, as presented in the Company's consolidated financial statements.

Funds From Operations ("FFO") (Continued)

The following reconciles net income attributable to the Company to FFO and FFO-diluted for the three and nine months ended September 30, 2014 and 2013 (dollars and shares in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2014	2013	2014	2013
Net income attributable to the Company	$ 35,914	$ 38,123	$ 69,821	$ 275,212
Adjustments to reconcile net income attributable to the Company to FFO—basic and diluted:				
Noncontrolling interests in the Operating Partnership	2,571	2,362	4,990	19,605
(Gain) loss on remeasurement, sale or write down of consolidated assets, net	(9,561)	919	1,504	(145,023)
Add: gain on sale of undepreciated consolidated assets	797	—	919	2,238
Add: noncontrolling interests share of (loss) gain on remeasurement, sale or write down of consolidated joint ventures, net	—	—	(39)	3,163
Loss (gain) on remeasurement, sale or write down of assets from unconsolidated joint ventures, net(1)	393	(18,062)	3,765	(91,077)
Add: (loss) gain on sale of undepreciated assets from unconsolidated joint ventures(1)	—	(51)	—	433
Depreciation and amortization on consolidated assets	89,741	92,221	266,199	279,364
Less: depreciation and amortization attributable to noncontrolling interests on consolidated joint ventures	(5,435)	(5,276)	(16,281)	(14,414)
Depreciation and amortization on unconsolidated joint ventures(1)	20,999	22,323	61,326	66,470
Less: depreciation on personal property	(2,899)	(2,986)	(8,298)	(9,020)
FFO—basic and diluted	$ 132,520	$ 129,573	$ 383,906	$ 386,951
Weighted average number of FFO shares outstanding for:				
FFO—basic (2)	151,027	150,334	150,932	149,140
Adjustments for impact of dilutive securities in computing FFO-diluted:				
Share and unit based compensation plans	144	61	116	101
FFO—diluted (3)	151,171	150,395	151,048	149,241

(1) Unconsolidated joint ventures are presented at the Company's pro rata share.

(2) Includes 10.1 million and 9.6 million OP Units for the three months ended September 30, 2014 and 2013, respectively, and 10.1 million and 9.9 million OP units for the nine months ended September 30, 2014 and 2013, respectively.

(3) The computation of FFO—diluted shares outstanding includes the effect of share and unit-based compensation plans using the treasury stock method. It also assumes the conversion of MACWH, LP common and preferred units to the extent that they are dilutive to the FFO—diluted computation.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company's primary market risk exposure is interest rate risk. The Company has managed and will continue to manage interest rate risk by (1) maintaining a ratio of fixed rate, long-term debt to total debt such that floating rate exposure is kept at an acceptable level, (2) reducing interest rate exposure on certain long-term floating rate debt through the use of interest rate caps and/or swaps with matching maturities where appropriate, (3) using treasury rate locks where appropriate to fix rates on anticipated debt transactions, and (4) taking advantage of favorable market conditions for long-term debt and/or equity.

The following table sets forth information as of September 30, 2014 concerning the Company's long-term debt obligations, including principal cash flows by scheduled maturity, weighted average interest rates and estimated fair value ("FV") (dollars in thousands):

	For the years ended September 30,							
	2015	2016	2017	2018	2019	Thereafter	Total	FV
CONSOLIDATED CENTERS (1):								
Long-term debt:								
Fixed rate	$ 335,781	$ 602,239	$ 72,074	$ 497,422	$ 377,348	$ 2,261,167	$ 4,146,031	$ 4,214,576
Average interest rate	5.66%	5.19%	3.69%	3.62%	3.07%	4.07%	4.21%	
Floating rate	—	—	249,508	—	535,000	—	784,508	756,661
Average interest rate	—%	—%	2.70%	—%	1.91%	—%	2.16%	
Total debt—Consolidated Centers	$ 335,781	$ 602,239	$ 321,582	$ 497,422	$ 912,348	$ 2,261,167	$ 4,930,539	$ 4,971,237
UNCONSOLIDATED JOINT VENTURE CENTERS (1):								
Long-term debt (at Company's pro rata share):								
Fixed rate	$ 217,255	$ 228,601	$ 65,068	$ 153,805	$ 15,356	$ 907,063	$ 1,587,148	$ 1,604,776
Average interest rate	5.55%	6.49%	6.19%	4.47%	3.67%	3.69%	4.53%	
Floating rate	14,365	26,114	1,185	64,758	9,191	—	115,613	114,185
Average interest rate	3.04%	3.35%	2.19%	2.25%	2.05%	—%	2.58%	
Total debt—Unconsolidated Joint Venture Centers	$ 231,620	$ 254,715	$ 66,253	$ 218,563	$ 24,547	$ 907,063	$ 1,702,761	$ 1,718,961

(1) The maturity date assumes that all extension options are fully exercised and that the Company does not opt to refinance the debt prior to these dates. These extension options are at the Company's discretion, subject to certain conditions, which the Company believes will be met.

The consolidated Centers' total fixed rate debt at September 30, 2014 and December 31, 2013 was $4.1 billion. The average interest rate on fixed rate debt at September 30, 2014 and December 31, 2013 was 4.21% and 4.25%, respectively. The consolidated Centers' total floating rate debt at September 30, 2014 and December 31, 2013 was $784.5 million and $468.8 million, respectively. The average interest rate on floating rate debt at September 30, 2014 and December 31, 2013 was 2.16% and 2.59%, respectively.

The Company's pro rata share of the unconsolidated joint venture Centers' fixed rate debt at September 30, 2014 and December 31, 2013 was $1.6 billion. The average interest rate on fixed rate debt at September 30, 2014 and December 31, 2013 was 4.53% and 4.60%, respectively. The Company's pro rata share of the unconsolidated joint venture Centers' floating rate debt at September 30, 2014 and December 31, 2013 was $115.6 million and $115.9 million, respectively. The average interest rate on the floating rate debt at September 30, 2014 and December 31, 2013 was 2.58% and 2.59%, respectively.

In addition, the Company has assessed the market risk for its floating rate debt and believes that a 1% increase in interest rates would decrease future earnings and cash flows by approximately $9.0 million per year based on $0.9 billion of floating rate debt outstanding at September 30, 2014.

The estimated fair value of the Company's long-term debt is based on a present value model utilizing interest rates that reflect the risks associated with long-term debt of similar risk and duration. In addition, the method of computing fair value for mortgage notes payable included a credit value adjustment based on the estimated value of the property that serves as collateral for the underlying debt (See Note 8—Mortgage Notes Payable and Note 9—Bank and Other Notes Payable in the Company's Notes to the Consolidated Financial Statements).

Item 4. Controls and Procedures

As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, management carried out an evaluation, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on their evaluation as of September 30, 2014, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) were effective to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is (a) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and (b) accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

In addition, there has been no change in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15(d)-15(f) under the Securities Exchange Act of 1934) that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

None of the Company, the Operating Partnership, the Management Companies or their respective affiliates are currently involved in any material legal proceedings.

Item 1A. Risk Factors

There have been no material changes to the risk factors relating to the Company set forth under the caption "Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2013.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not Applicable

Item 3. Defaults Upon Senior Securities

Not Applicable

Item 4. Mine Safety Disclosures

Not Applicable

Item 5. Other Information

Not Applicable

Item 6. Exhibits

Exhibit Number	Description
2.1	Contribution Agreement and Joint Escrow Instructions, dated October 21, 2012, by and among Alexander's Kings Plaza, LLC, Alexander's of Kings, LLC, Kings Parking, LLC and Brooklyn Kings Plaza LLC (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date November 28, 2012).
2.2	Agreement of Sale and Purchase, dated October 21, 2012, by and among Green Acres Mall, L.L.C. and Valley Stream Green Acres LLC (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date January 24, 2013).
3.1	Articles of Amendment and Restatement of the Company (incorporated by reference as an exhibit to the Company's Registration Statement on Form S-11, as amended (No. 33-68964)).
3.1.1	Articles Supplementary of the Company (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date May 30, 1995).
3.1.2	Articles Supplementary of the Company (with respect to the first paragraph) (incorporated by reference as an exhibit to the Company's 1998 Form 10-K).
3.1.3	Articles Supplementary of the Company (Series D Preferred Stock) (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date July 26, 2002).
3.1.4	Articles Supplementary of the Company (incorporated by reference as an exhibit to the Company's Registration Statement on Form S-3, as amended (No. 333-88718)).
3.1.5	Articles of Amendment (declassification of Board) (incorporated by reference as an exhibit to the Company's 2008 Form 10-K).
3.1.6	Articles Supplementary (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date February 5, 2009).
3.1.7	Articles of Amendment (increased authorized shares) (incorporated by reference as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009).
3.1.8	Articles of Amendment (to eliminate the supermajority vote requirement to amend the charter and to clarify a reference in Article NINTH) (incorporated by reference as an exhibit to the Company’s Current Report on Form 8-K, event date May 30, 2014).
3.2	Amended and Restated Bylaws of the Company (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date January 29, 2014).
10.1*	First Amendment to Amended and Restated The Macerich Company Employee Stock Purchase Plan, effective October 23, 2014.
31.1	Section 302 Certification of Arthur Coppola, Chief Executive Officer
31.2	Section 302 Certification of Thomas O'Hern, Chief Financial Officer
32.1	Section 906 Certifications of Arthur Coppola and Thomas O'Hern
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

* Represents a management contract, or compensatory plan, contract or arrangement required to be filed pursuant to Regulation S-K.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE MACERICH COMPANY

By: /s/ Thomas E. O'Hern

Thomas E. O'Hern

Senior Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

Date: November 3, 2014

Exhibit 10.1

FIRST AMENDMENT TO
AMENDED AND RESTATED
THE MACERICH COMPANY
EMPLOYEE STOCK PURCHASE PLAN

WHEREAS, The Macerich Company (the "Company") has established and maintains The Macerich Company Employee Stock Purchase Plan originally, originally effective April 1, 2003 and amended and restated effective June 1, 2013 (the "Plan");

WHEREAS, Section 19(d) of the Plan authorizes the Board of Directors of the Company to amend the Plan and, at the recommendation of the Plan Committee, the Board of Directors desires to amend the contribution and purchase limitations under the Plan to clarify and simplify the administration of participation elections consistent with the intent and purpose of the Plan;

NOW, THEREFORE, the Plan is hereby amended effective October 23, 2014 as follows:

Section 1 is hereby amended to add the following sentence to the end of that paragraph: "The Plan and all offerings and Options hereunder are intended to, and shall be interpreted in all respects to, comply with Section 409A of the Code and the regulations and authorities promulgated thereunder."

Section 2 is hereby amended to replace the definition of "Exercise Date" in its entirety with the following:

"Exercise Date" means, with respect to an Offering Period, the last day of that Offering Period, provided that if the last day of the Offering Period falls on a weekend or holiday, the Exercise Date shall be the first business day of the Company following such date.

Section 2 is hereby amended to delete the definition of "**Individual Limit.**"

Section 4(b) is hereby deleted in its entirety and subparagraph 4(c) is renumbered subparagraph 4(b).

Section 6(b) is hereby amended in its entirety to provide as follows:

(b) *Contribution Limits*. Notwithstanding the foregoing, a Participant may not elect to contribute more than the lesser of fifteen percent (15%), or twenty-six thousand dollars ($26,000), of his or her Compensation for Offering Periods ending in any one calendar year. The Committee may establish further limitations, rules and procedures regarding Plan Contributions, in its complete and sole discretion.

The introductory clause of Section 8(c)(2) is hereby amended to provide, “Notwithstanding anything else contained herein, no Option shall be granted under this Plan to the extent:”

Section 8(c)(2) is hereby deleted in its entirety and subparagraph 8(3) is renumbered subparagraph 8(2).

IN WITNESS WHEREOF, the Company has caused this Amendment to be executed by its duly authorized officers as of October 23, 2014.

THE MACERICH COMPANY:

By /s/ Thomas J. Leanse
Title Senior Executive Vice President,
Chief Legal Officer & Secretary

Exhibit 31.1

THE MACERICH COMPANY

SECTION 302 CERTIFICATION

I, Arthur M. Coppola, certify that:

1. I have reviewed this report on Form 10-Q for the quarter ended September 30, 2014 of The Macerich Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ ARTHUR M. COPPOLA

Chairman and Chief Executive Officer

Date: November 3, 2014

THE MACERICH COMPANY

SECTION 302 CERTIFICATION

I, Thomas E. O'Hern, certify that:

1. I have reviewed this report on Form 10-Q for the quarter ended September 30, 2014 of The Macerich Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ THOMAS E. O'HERN

Senior Executive Vice President and Chief Financial Officer

Date: November 3, 2014

Exhibit 32.1

THE MACERICH COMPANY

WRITTEN STATEMENT

PURSUANT TO

18 U.S.C. SECTION 1350

The undersigned, Arthur M. Coppola and Thomas E. O'Hern, the Chief Executive Officer and Chief Financial Officer, respectively, of The Macerich Company (the "Company"), pursuant to 18 U.S.C. §1350, each hereby certifies that, to the best of his knowledge:

(i) the Quarterly Report on Form 10-Q for the quarter ended September 30, 2014 of the Company (the "Report") fully complies with the requirements of Section 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 3, 2014

/s/ ARTHUR M. COPPOLA

Chairman and Chief Executive Officer

/s/ THOMAS E. O'HERN

Senior Executive Vice President and Chief Financial Officer